

**INDIAN TARIFF BOARD**

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**Written Evidence**

**recorded during enquiry regarding the**

**WOOLLEN TEXTILE INDUSTRY**

**Volume I**



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**1936**

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सत्यमेव जयते

## TABLE OF CONTENTS.

	PAGE.
1. Government of India, Department of Commerce, Resolution No. 9-T. (2), dated the 20th October, 1934 . . . . .	1
2. Press communiqué issued by the Tariff Board on the 20th October, 1934 . . . . .	2
3. Representations received from:—	
(1) The Millowners' Association, Bombay— Letter dated the 1st December, 1934 . . . . .	3
(2) Messrs. Ahmed Ebrahim Brothers, Rangoon— Letter dated the 12th November, 1934 . . . . .	18
(3) Wool Textile Delegation and the Huddersfield Chamber of Commerce in Great Britain— Letter dated the 4th March, 1935, from H. M. Senior Trade Commissioner in India, Calcutta . . . . .	20
(4) Bradford Chamber of Commerce, Bradford— Letter dated the 7th March, 1935 . . . . .	27
(5) Messrs. Bettmann and Kupper, Bombay— Letter dated the 2nd April, 1935, regarding artificial silk embroidered woollen goods . . . . .	28
(6) Bengal Belting Works, Ltd., Calcutta— Letter dated the 22nd March, 1935, regarding imported woollen yarns for manufacture of belts . . . . .	28
(7) The Hosiery Manufacturers' Association, Bengal, Calcutta— (i) Letter dated the 17th November, 1934 . . . . . (ii) Letter dated the 5th March, 1935 . . . . .	29 29
(8) The Pucka Hosiery Mill, Cawnpore— Letter dated the 19th November, 1934 . . . . .	38
(9) Hosiery Manufacturers' Association, Ludhiana— Telegram dated the 19th November, 1934 . . . . .	40
(10) Atlas Hosiery Works, Jullunder City— Telegram dated the 19th November, 1934 . . . . .	40
(11) The Kesari Hosiery, Khauna— Telegram dated the 19th November, 1934 . . . . .	41
(12) Beri Brothers, Ludhiana— Telegram dated the 29th November, 1934 . . . . .	41
(13) Rai Bahadur Hosiery, Ludhiana— Telegram dated the 29th November, 1934 . . . . .	41
(14) Swadeshi Karyalaya, Ludhiana— Telegram dated the 29th November, 1934 . . . . .	41
(15) Gujasta Hosiery Mills, Ludhiana City— Telegram dated the 29th November, 1934 . . . . .	41
(16) Sund Hosiery, Ludhiana— Telegram dated the 30th November, 1934 . . . . .	41
(17) Hosiery Manufacturers' Association, Lahore— Letter dated the 12th December, 1934 . . . . .	41



	PAGE.
(18) The All-India Hosiery Manufacturers' Association, Cawnpore—	
(i) Letter dated the 28th March, 1935 . . . . .	42
(ii) Letter dated the 4th April, 1935, submitting views regarding adoption of quota for hosiery imports . . . . .	44
(19) National Federation of Hosiery Manufacturers' Associations, United Kingdom—	
Letter dated the 27th February, 1935 . . . . .	45
(20) Messrs. E. Hill & Co., Ltd., Naini Tal—	
Letter dated the 3rd November, 1934, from the Department of Commerce, Government of India, forwarding copy of the representation from the firm . . . . .	48
(21) Messrs. C. M. Hadow & Co., Srinagar, Kashmir—	
Letter dated the 15th November, 1934 . . . . .	49
(22) The Oriental Carpet Manufacturers (India), Ltd., Amritsar—	
Letter dated the 17th November, 1934 . . . . .	50
(23) Shaikh Gulam Sadik Woollen Mills, Amritsar—	
Letter dated the 17th November, 1934 . . . . .	52
(24) Messrs. A. Tellery & Sons, Bhadohi, Benares State—	
Letter dated the 15th February, 1935, from the Chief Secretary, Benares State, forwarding a copy of the firm's representation . . . . .	53
(25) Merchants' Chamber of the United Provinces, Cawnpore—	
Letter dated the 20th November, 1934 . . . . .	53
(26) Marwari Chamber of Commerce, Calcutta—	
(i) Letter dated the 4th December, 1934 . . . . .	56
(ii) Letter dated the 28th January, 1935, forwarding a copy of brochure entitled "Dangers of Protection to Indian Woollen Mill Industry" . . . . .	57
(27) Karachi Chamber of Commerce, Karachi—	
Letter dated the 6th December 1934 . . . . .	65
(28) Punjab Chamber of Commerce, Delhi—	
Letter dated the 10th December, 1934 . . . . .	65
(29) The Indian Merchants' Chamber, Bombay—	
Letter dated the 19th December, 1934 . . . . .	66
(30) Buyers' and Shippers' Chamber, Karachi—	
(i) Note regarding hand-spun and hand-woven woollen (khadi) cloth . . . . .	67
(ii) Some notes regarding wool . . . . .	68
(31) Madras Chamber of Commerce, Madras—	
Letter dated the 21st December, 1934 . . . . .	69
(32) Chamber of Commerce, Bombay—	
Letter dated the 4th January, 1935 . . . . .	69
(33) Delhi Piecegoods Association, Delhi—	
Letter dated the 17th November, 1934 . . . . .	71

	PAGE.
(34) Association for the Development of Swadeshi Industries, Delhi—	
Letter dated the 17th November, 1934 . . . . .	73
(35) Hindusthani Mercantile Association, Delhi—	
Letter dated the 5th December, 1934 . . . . .	85
(36) Blanket and Shawl Traders' Association, Calcutta—	
Letter dated the 12th December, 1934 . . . . .	85
(37) Karachi Indian Merchants' Association, Karachi—	
Memorandum dated the 19th December, 1934 . . . . .	86
(38) Bombay Woollen and Fancy Cotton Piecegoods Merchants' Association, Bombay—	
Letter dated the 13th February, 1935 . . . . .	86
(39) Woollen yarn dealers and manufacturers of woollen goods of Jalalpur Jattan—	
Letter dated the 13th December, 1934 . . . . .	87
(40) Mr. Kidar Nath, Lahore—	
Memorandum dated the 12th December, 1934 . . . . .	88
(41) Messrs. Diwan C. Mehra & Co.—	
Letter dated the 12th February, 1935 . . . . .	90
(42) Mr. Maganlal Bhikhabhai, Ahmedabad—	
Letter dated the 14th March, 1935 . . . . .	90
(43) The Hon'ble Mr. Hossain Inam, Gaya—	
Memorandum dated the 17th November, 1934 . . . . .	91
(44) Trade Commissioner for France in India—	
Letter dated the 26th November, 1934 . . . . .	93
(45) Consul General for Germany, Calcutta—	
Letter dated the 26th February, 1935 . . . . .	95
4. Questionnaire for Mills issued by the Tariff Board . . . . .	96
5. Replies to the above received from:—	
(1) The Millowners' Association, Bombay—	
(i) Letter from the Tariff Board, No. 6, dated the 5th January, 1935, forwarding copies of the question- naire and asking for certain further information . . . . .	101
(ii) Letter dated the 6th February, 1935, in reply to the above letter . . . . .	101
(iii) Letter from the Tariff Board, No. 88, dated the 1st February, 1935, asking for certain information regarding sizing flannel, roller and clearer cloth and belting yarn . . . . .	102
(iv) Letter dated the 6th February, 1935, in reply to the above letter . . . . .	102
(v) Letter dated the 26th February, 1935, supplying further information on the subject . . . . .	102
(vi) Letter dated the 6th March, 1935, relating to the consumption of hair belting yarn in India . . . . .	103
(vii) Letter dated the 22nd March, 1935, regarding importation of staple fibre into this country . . . . .	103

(viii) Letter dated the 17th April, 1935, forwarding correspondence regarding progress made by Indian Woollen Mills in the manufacture of goods in the qualities required by the Indian Stores Department . . . . .	104
(ix) Letter dated the 17th May, 1935, submitting quotations c.i.f. Bombay for various types of imported woollen yarns of Japanese and English origin . . . . .	107
(x) Letter dated the 21st May, 1935, submitting further quotations c.i.f. Karachi of the yarns mentioned above . . . . .	108
(2) The Bangalore Woollen, Cotton and Silk Mills, Co., Ltd., Bangalore—	
(i) Letter dated the 30th November, 1934, from the Millowners' Association, Bombay, forwarding certain information submitted by the Bangalore Woollen, Cotton and Silk Mills Co., Ltd., regarding the quantities and values of wools purchased and rugs produced by the mills . . . . .	110
(ii) Letter dated the 7th February, 1935, forwarding replies to the questionnaire . . . . .	111
(iii) Letter dated the 18th March, 1935, forwarding supplementary information asked for at the time of the oral examination . . . . .	119
(3) The Kaiser-i-Hind Woollen, Cotton and Silk Mills Co., Ltd., Bangalore—	
(i) Letter dated the 7th February, 1935, forwarding replies to the questionnaire . . . . .	121
(ii) Letter from the Tariff Board, No. 109, dated the 8th February, 1935, asking for elucidation of certain points raised in the replies to questionnaire . . . . .	126
(iii) Letter dated the 11th February, 1935, in reply to the above letter . . . . .	127
(iv) Letter dated the 26th March, 1935, forwarding detailed answers to some of the questions in the questionnaire . . . . .	127
(4) Raymond Woollen Mills, Ltd., Bombay—	
(i) Letter dated the 11th February, 1935, forwarding replies to questionnaire . . . . .	128
(ii) Letter dated the 1st March, 1935, in amplification of some of the replies to the questionnaire . . . . .	143
(iii) Letter dated the 4th April, 1935, forwarding further information asked for at the time of the oral evidence . . . . .	143
(iv) Letter dated the 4th April, 1935, from Messrs. E. D. Sassoon & Co., Ltd., Bombay, regarding possibility of the blending of staple fibre or its equivalent with the common Indian wool for spinning purposes . . . . .	148
(5) The Indian Woollen Mills, Bombay—	
(i) Letter dated the 21st February, 1935, forwarding replies to the questionnaire . . . . .	148

	PAGE.
(8) Kashmir Knitting Co., Jammu— Letter dated the 15th February, 1935, from the Director of Industries and Commerce, Jammu, forwarding the Company's replies to the questionnaire . . .	215
(9) Fine Knitting Co., Ltd., Ahmedabad— Letter dated the 3rd April, 1935 . . . . .	218
8. General Questionnaire issued by the Tariff Board . . . . .	223
9. Replies to the above questionnaire received from—	
(1) Bengal Chamber of Commerce, Calcutta—	
(i) Letter dated the 26th January, 1935, forwarding range of samples of imported woollen goods together with their relative prices . . . . .	226
(ii) Letter dated the 7th February, 1935, forwarding the c.i.f. prices of the articles mentioned in the previous letter . . . . .	227
(iii) Letter dated the 21st February, 1935, forwarding replies to the general questionnaire . . . . .	228
(iv) Letter dated the 3rd April, 1935, forwarding statis- tics relating to the woollen industry of Japan . . . . .	229
(v) Statement handed in by Mr. A. H. Spink on the 17th April, 1935, showing c.i.f. and market prices of range of samples . . . . .	233
(2) Madras Chamber of Commerce, Madras— Letter dated the 4th February, 1935 . . . . .	234
(3) Chamber of Commerce, Bombay— Letter dated the 21st February, 1935 . . . . .	236
(4) Indian Merchants' Chamber, Bombay— Letter dated the 13th March, 1935 . . . . .	240
(5) Marwari Chamber of Commerce, Calcutta— Letter dated the 2nd April, 1935 . . . . .	242
(6) Nagpur Chamber of Commerce, Nagpur— Letter dated the 8th May, 1935 . . . . .	248
(7) Karachi Chamber of Commerce, Karachi— Letter dated <i>nil</i> . . . . .	250
(8) Wool Textile Delegation from the United Kingdom— Replies to questionnaire on supplementary Indian samples . . . . .	252
(9) Bombay Woollen and Fancy Cotton Piecegoods Merchants' Association, Bombay . . . . .	255
(10) Lahore Cloth Merchants' Association, Lahore— Letter dated the 15th February, 1935 . . . . .	256
(11) Delhi Piecegoods Association, Delhi— Letter dated the 15th March, 1935 . . . . .	258
(12) Marwari Trades' Association, Calcutta— Letter dated the 13th May, 1935 . . . . .	263
(13) Messrs. Jivandas Bhanji & Co., Bombay—	
(i) Letter dated the 23rd January, 1935 . . . . .	264
(ii) Letter dated the 17th April, 1935, regarding importation of woollen or worsted fents . . . . .	265

(ii) Letter dated the 27th February, 1935, forwarding certain further information asked for by the Board . . . . .	165
(iii) Letter dated the 4th March, 1935, regarding levying of protective duty on sizing flannel and clearer cloth . . . . .	165
(iv) Letter dated the 4th March, 1935, regarding production of worsted yarn for weaving purposes . . . . .	165
(v) Letter dated the 4th May, 1935, forwarding prices of some of the typical lines of British woollen goods . . . . .	166
(6) The Cawnpore Woollen Mills, Cawnpore— Letter dated the 6th March, 1935, forwarding replies to the questionnaire . . . . .	167
(7) The Bangalore Industrials, Bangalore— Letter dated the 12th February, 1935, forwarding replies to the questionnaire . . . . .	171
(8) The Oriental Carpet Manufacturers (India), Ltd., Amritsar— Letter dated the 16th February, 1935, forwarding replies to the questionnaire . . . . .	171
(9) The All-India Spinners' Association of Srinagar, Kashmir— Letter dated the 2nd April, 1935, from the Director of Industries and Commerce, Jammu and Kashmir, forwarding the Association's replies to the questionnaire . . . . .	175
6. Questionnaire for Hosiery Manufacturers issued by the Tariff Board . . . . .	179
7. Replies to the above received from—	
(1) N. Bose's Beliaghata Hosiery, Ltd., Calcutta— Letter dated the 1st March, 1935 . . . . .	182
(2) Kapoor Hosiery Factory, Ltd., Calcutta— Letter dated the 1st March, 1935 . . . . .	183
(3) Hosiery Manufacturers' Association, Bengal— Letter dated the 30th April, 1935, submitting further information on points raised during oral evidence . . . . .	187
(4) Hosiery Manufacturers' Association, Ludhiana—	
(i) Letter dated the 20th March, 1935 . . . . .	194
(ii) Letter without date forwarding a memorandum emphasising that the duty on yarn should not be increased at present . . . . .	200
(5) Hosiery Manufacturers' Association, Amritsar— Letter dated the 25th March, 1935 . . . . .	201
(6) Atlas Hosiery Works, Jullunder City— Letter dated the 15th March, 1935 . . . . .	203
(7) Messrs. Ahmed Ebrahim Brothers, Rangoon— Letter dated the 8th February, 1935 . . . . .	205

	PAGE.
(14) Messrs. Gorio, Ltd., Bombay—	
Letter dated the 24th January, 1935 . . . . .	265
(15) Messrs. E. Spinner & Co., Bombay—	
(i) Letter dated the 31st January, 1935, forwarding samples of the principal lines of woollen goods imported by them . . . . .	267
(ii) Letter from the Tariff Board, No. 95, dated the 4th February, 1935, asking for the c.i.f. prices of the samples of woollen goods forwarded by them . . . . .	268
(iii) Letter dated the 5th February, 1935, in reply to the above letter . . . . .	263
(16) Messrs. Ralli Bros., Ltd., Bombay—	
Letter dated the 4th February, 1935 . . . . .	268
(17) Messrs. Gurundittamal, Anantram and others, Jalalpur Jattan—	
Letter dated the 10th February, 1935 . . . . .	270
(18) Messrs. Sankalchand G. Shaha & Co., Bombay—	
Letter dated the 11th February, 1935 . . . . .	273
(19) Messrs. Jaigopal Hemraj, Mangaldas Kahandas and others, Bombay—	
Letter dated the 11th February, 1935 . . . . .	275
(20) Messrs. Hazarat & Co., Bombay—	
(i) Letter dated the 6th March, 1935 . . . . .	278
(ii) C.i.f. prices of yarns handed in by Mr. Hazarat . . . . .	282
(iii) Letter from the Tariff Board, No. 207, dated the 15th March, 1935, asking for the prices of certain yarns . . . . .	284
(iv) Letter dated the 25th March, 1935, in reply to the above letter . . . . .	285
(21) Societa Commissionaria Di Esportazione Late Societa Commissionaria Orientale, Amritsar and Bombay—	
Letter dated the 13th March, 1935 . . . . .	285
10. Letter from the Tariff Board, No. 456, dated the 1st December, 1934, to certain Chambers of Commerce, regarding the course prices of typical woollen products since 1926-27 . . . . .	287
11. Replies to the above letter received from—	
(1) Karachi Chamber of Commerce—	
Letter dated the 13th December, 1934 . . . . .	289
(2) Chamber of Commerce, Bombay—	
(i) Letter dated the 10th January, 1935 . . . . .	289
(ii) Letter dated the 21st January, 1935 . . . . .	295
(3) Madras Chamber of Commerce, Madras—	
Letter dated the 11th January, 1935 . . . . .	295
(4) Burma Chamber of Commerce, Rangoon—	
Letter dated the 12th January, 1935 . . . . .	295
12. Letter from the Tariff Board, No. 379, dated the 2nd November, 1934, to all local Governments and principal Indian States, forwarding questionnaire on certain specific points . . . . .	295

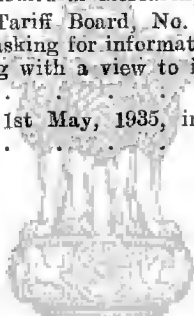
	PAGE.
13. Letter from the Tariff Board, No. 387, dated the 5th November, 1934, to all Governments, enquiring whether any attempts have been made for the improvement of the quality of the local wool and, if so, with what success . . . . .	297
14. Replies to the above letters received from—	
(1) Government of Madras—	
(i) Letter dated the 28th November, 1934, regarding the improvement of the quality of the local wool . . . . .	297
(ii) Letter dated the 14th December, 1934, forwarding a note from the Director of Industries, Madras, submitting replies to the questionnaire . . . . .	297
(iii) Letter from the Tariff Board, No. 43, dated the 17th January, 1935, to the Director of Industries, Madras, asking for information in explanation of certain doubtful points in the above letter . . . . .	303
(iv) Letter dated the 26th January, 1935, in reply to above letter . . . . .	303
(2) Government of North-West Frontier Province—	
(i) Letter dated the 30th November, 1934, intimating the action taken in connection with the improvement of local wool . . . . .	305
(ii) Letter dated the 10th January, 1935, forwarding replies to questionnaire . . . . .	305
(3) Government of the United Provinces—	
(i) Letter dated the 6th December, 1934, intimating that a scheme is under preparation for the improvement of the quality of the local wool . . . . .	307
(ii) Letter dated the 5th January, 1935, forwarding a note by the Director of Industries, United Provinces, on the Wool Industry of the province with replies to the questionnaire . . . . .	307
(iii) Letter from the Tariff Board, No. 39, dated the 16th March, 1935, to the Director of Industries, United Provinces, asking for certain information in elucidation of some doubtful points in the note . . . . .	312
(iv) Letter dated the 29th January, 1935, from the Director of Industries, United Provinces, in reply to the above letter . . . . .	312
(v) Letter dated the 10th April, 1935, from the Director of Industries, United Provinces, submitting additional information regarding costs of blankets and shawls . . . . .	313
(4) Government of Assam—	
Letter dated the 11th December, 1934, intimating that there is no woollen factory in the province nor anything amounting to a cottage woollen industry . . . . .	317
(5) Government of Bombay—	
(i) Letter dated the 18th December, 1934, forwarding information regarding the work done by the Agricultural Department for the improvement of the quality of the local wool . . . . .	318
(ii) Letter dated the 4th January, 1935, submitting replies to the questionnaire . . . . .	318

(iii) Letter dated the 18th April, 1935, from the Director of Industries, Bombay, submitting supplementary information . . . . .	330
(6) Government of Burma—	
Letter dated the 20th December, 1934, intimating that there is practically no woollen industry in Burma . . . . .	335
(7) Government of Bengal—	
(i) Letter dated the 22nd December, 1934, intimating that the Agricultural Department has not been able to pay attention to the improvement of the quality of the local wool . . . . .	335
(ii) Letter dated the 14th January, 1935, forwarding a note from the Director of Industries, Bengal, regarding cottage woollen industry in the province with the replies to the questionnaire . . . . .	335
(iii) Letter dated the 16th February, 1935, furnishing further information regarding some woollen factories in the province . . . . .	338
(8) Government of the Punjab—	
(i) Letter dated the 2nd January, 1935, submitting replies to the questionnaire . . . . .	340
(ii) Letter dated the 2nd January, 1935, forwarding information from the Director of Industries, Punjab, showing the improvements made in the quality of the local wool in recent years . . . . .	360
(iii) Letter from the Tariff Board, No. 31, dated the 15th January, 1935, to the Director of Industries, Punjab, asking for further information in elucidation of some of the points in his replies to questionnaire . . . . .	373
(iv) Letter dated the 5th February, 1935, from the Director of Industries, in reply to the above letter . . . . .	373
(v) Letter dated the 27th May, 1935, from the Director of Industries, Punjab, forwarding further information asked for during the course of the oral evidence . . . . .	376
(9) Chief Commissioner, Delhi—	
Letter dated the 3rd January, 1935, submitting information relating to the local woollen industry . . . . .	392
(10) Government of the Central Provinces—	
(i) Letter dated the 4th January, 1935, forwarding replies to the questionnaire . . . . .	394
(ii) Letter from the Tariff Board, No. 44, dated the 17th January, 1935, to the Director of Industries, Central Provinces, regarding blankets and travelling rugs . . . . .	400
(iii) Letter dated the 31st January, 1935, from the Director of Industries, Central Provinces, in reply to the above letter . . . . .	401



	PAGE.
(11) Government of Bihar and Orissa—	
(i) Letter dated the 19th January, 1935, submitting replies to the questionnaire . . . . .	401
(ii) Letter dated the 19th January, 1935, intimating that no work has been undertaken by the Agricultural Department on the improvement of the quality of the local wool . . . . .	402
(12) Government of His Highness the Gaekwar of Baroda—	
Letter dated the 3rd January, 1935, from the Resident at Baroda, forwarding a copy of a letter from the Minister of the Baroda State regarding the Woollen Industry in the State with replies to the questionnaire . . . . .	402
(13) Government of His Highness the Maharaja of Mysore—	
(i) Letter dated the 11th January, 1935, from the Resident at Mysore, forwarding replies to questionnaire submitted by the Director of Industries, Mysore . . . . .	408
(ii) Letter from the Tariff Board, No. 49, dated the 18th January, 1935, to Director of Industries, Mysore, asking for certain information in elucidation of some doubtful points in reply to the questionnaire . . . . .	412
(iii) Letter dated the 1st February, 1935, from the Director of Industries, Mysore, forwarding certain statistics regarding imports and exports of wool from Mysore . . . . .	413
(iv) Letter dated the 2nd February, 1935, from the Director of Industries, Mysore, in reply to the Board's letter dated the 18th January, 1935 . . . . .	417
(v) Letter dated the 25th March, 1935, from the Director of Industries, Mysore, forwarding a statement showing results of census of the use of Kamblis and rugs in Chickmagalur Town . . . . .	419
(14) Government of His Highness the Maharaja of Jammu and Kashmir—	
Letter dated the 15th January, 1935, from the Resident at Kashmir, forwarding replies to the questionnaire from the Kashmir Government . . . . .	419
(15) Gwalior Durbar—	
Letter dated the 13th February, 1935, from the Resident at Gwalior, forwarding information regarding woollen industry in the State . . . . .	426
(16) Tonk Durbar—	
Letter dated the 12th April, 1935, from the Resident at Jaipur, intimating that the cottage woollen industry in the State is very small . . . . .	427
(17) Jaipur Durbar—	
Letter dated the 18th April, 1935, from the Resident at Jaipur, intimating that there is at present no woollen industry in the State . . . . .	427

	PAGE.
(18) His Exalted Highness the Nizam's Government—	
Letter dated the 14th May, 1935, from the Resident at Hyderabad, forwarding extracts from the Textile Expert's report regarding woollen industry in the State . . . . .	427
15. Government of India, Army Department—	
Letter dated the 17th January, 1935, regarding purchases of woollen goods for the Army . . . . .	431
16. Indian Stores Department, New Delhi—	
(i) Letter from the Tariff Board, No. 378, dated the 2nd November, 1934, asking for certain information about woollen goods purchased in India on behalf of the Central and local Governments during the last 5 years and the prices thereof . . . . .	432
(ii) Letter dated the 12th November, 1934, intimating that entire purchases of requirements of woollen goods of the Central and local Governments are not made through the Department . . . . .	432
(iii) Letter dated the 13th March, 1935, submitting statements regarding purchases of woollen goods by the Department . . . . .	433
17. Imperial Council of Agricultural Research, New Delhi—	
(i) Letter from the Tariff Board, No. 147, dated the 22nd February, 1935, asking for information about the problem of sheep breeding with a view to improving the quality of wool . . . . .	438
(ii) Letter dated the 1st May, 1935, in reply to the above letter . . . . .	438



सत्यमेव जयते

No. 9-T. (2).

GOVERNMENT OF INDIA.  
DEPARTMENT OF COMMERCE.

*Simla, the 20th October, 1934.*

RESOLUTION.

TARIFFS.

The Government of India have received representations from certain woollen mills in India requesting that protection may be extended to the woollen industry. In pursuance of paragraph 3 of the Resolution of the Government of India, Department of Commerce, No. 3748, dated the 10th July, 1923, the Government of India have decided that the claims of the industry should be the subject of an enquiry by the Tariff Board.

2. In making its enquiry the Tariff Board will be guided by the principles laid down in the Resolution adopted by the Legislative Assembly on February 16th, 1923, and will consider—

(a) whether the conditions laid down in paragraph 97 of the Report of the Indian Fiscal Commission are satisfied in the case of the woollen textile industry in India; and

(b) in what form, to what extent and in respect of what articles or class or description of articles protection should be given.

3. The Board will also take into account other relevant considerations including those stated in parts (b) and (c) of the Resolution adopted by the Legislative Assembly on the 16th February, 1923, and, further, will consider how its recommendations, if any, will affect industries using woollen yarn or any other articles made of wool.

4. Firms or persons interested who desire that their views should be considered by the Tariff Board should address their representations to the Secretary to the Board, Town Hall, Bombay.

ORDER.—Ordered that a copy of the above Resolution be communicated to all local Governments and Administrations, all Departments of the Government of India, the Director General of Commercial Intelligence and Statistics, the Central Board of Revenue, the Indian Trade Commissioners, London and Hamburg, the Secretary, Tariff Board, the High Commissioner for India, London, His Majesty's Trade Commissioner in India, the Canadian Trade Commissioner in India, all Chambers of Commerce and Associations, the French Trade Commissioner in India, Burma and Ceylon, the Secretary, Imperial Council of Agricultural Research and the Chief Controller of Stores.

Ordered also that it be published in the *Gazette of India*.

**Press Communique issued by the Tariff Board on the 20th  
October, 1934.**

The attention of those interested is invited to the Resolution of the Government of India in the Commerce Department, No. 9-T. (2), dated the 20th October, 1934, in which the Tariff Board has been directed to hold an enquiry into the claims of the Woollen Industry to Protection. In making this enquiry the Tariff Board will be guided by the conditions laid down in paragraph 97 of the report of the Indian Fiscal Commission and will require to satisfy themselves—

- (1) that the industry possesses natural advantages in the shape of abundant supply of raw material, cheap power, labour and a home market;
- (2) that the industry is not likely without the help of protection to develop so rapidly as is desirable;
- (3) that the industry is one which will eventually be able to face world competition without protection.

Subject to these conditions the Board will consider in what form, to what extent and in respect of what articles or class or description of articles protection should be given.

2. The Board is also directed to take into account the recommendations of the Legislative Assembly in their Resolution of 16th February, 1923, that in applying the protective principle with discrimination regard must be had to the financial needs of the country and the present dependence of the Government of India on import, export and excise duties for a large part of its revenues. The effect of the proposed protective duties on other industries using woollen yarn or any other article made of wool will also be the subject of enquiry.

3. Firms or persons interested who desire that their views should be considered by the Tariff Board should address their representations (with seven spare copies) to the Secretary to the Board, Town Hall, Bombay, so as to reach him not later than the 20th November, 1934.

### The Millowners' Association, Bombay.

*Letter No. 2310/73 of 1934, dated the 1st December, 1934.*

I have the honour to enclose herewith 9 copies of a written statement which sets forth the considered views of the Bangalore Woollen, Cotton and Silk Mills Co., Ltd., the Kaiser-I-Hind Woollen Cotton and Silk Mills, Ltd., Bangalore, the Raymond Woollen Mills, Ltd., Bombay, and the Indian Woollen Mills, Bombay, as to the extent of protection required on the various classes of woollen manufactures they produce.

The mills concerned in this representation will be prepared to submit such further information as the Tariff Board may require.

Any further enquiries for information concerning woollen mills which are members of the Millowners' Association, Bombay, should, it is suggested, be addressed to the Secretary of the Association in order to facilitate the work of the Tariff Board.

Enclosure.

#### THE INDIAN WOOLLEN MILL INDUSTRY'S CASE FOR PROTECTION.

##### *The present position.*

As far as we have been able to ascertain, the condition of the Indian Woollen Mill Industry until about the year 1928 was fairly satisfactory. The gradual expansion of the industry in the first quarter of the present century is reflected in the undermentioned figures given by the Honourable the Commerce Member in the Legislative Assembly in the year 1931:—

##### *Number of Mills:*

1913 -7.  
1920—8.  
1929—15.

##### *Authorised Capital:*

1913- 53,00,000 (for five mills only).  
1920 - 51,75,000 (for four mills only).  
1929 2,36,75,000 (for seven mills only).

##### *Paid-up Capital:*

1913--Not available.  
1920—36,50,000 (for three mills only).  
1929—1,22,73,000 (for nine mills only).

2. About the year 1928, however, a new factor which detrimentally affected both the Indian Woollen Mill Industry and the handloom weaving industry arose owing to the development which had taken place in the Italian blanket and travelling rug weaving industry. During the previous few years, the Italian industry had built up a very widespread organization for the purchase of woollen rags of all kinds, which provided them with a very cheap raw material for the manufacture of attractive and inexpensive travelling rugs, meltons and similar cloths. As far as the blanket trade of Indian mills was concerned, the competition from these cheap shoddy travelling rugs was immediately felt, and from 1929 onwards the hitherto fairly prosperous Indian Woollen Mill Industry found difficulty in selling its full production of blankets and in realizing a fair selling price for the goods which it was able to manufacture from Indian wools.

3. Between December, 1929, and March, 1930, it would appear that a number of Indian woollen mills made representations to the Government of India calling attention to the serious plight of the industry and the need for adequate protection against foreign imports. In December, 1930, a joint representation was submitted to the Government of India by six of the largest woollen mills in the country, asking for tariff assistance against imported articles made from shoddy. In January, 1932, the Government of India in replying to the joint representation referred to, stated that they

rejected the application for protection on the ground that the claim put forward did not satisfy the principles on which the Indian Government's policy of discriminating protection was based, since the protective duty would be imposed upon an article different in kind from and essentially inferior to that sought to be protected. The Government of India also indicated that such a duty if adequate for this purpose would have one of the two results: either it would give rise to the establishment in the country of an industry producing the inferior article in which case it would fail to achieve its object of protecting the pure woollen industry, or it would place a permanent burden on the Indian consumer and so contravene one of the main principles laid down by the Indian Fiscal Commission. For these reasons, the Government of India held *prima facie* that a case for reference of the Woollen Industry to the Tariff Board did not exist. The Government of India also pointed out that, since the application had been received, the Indian Woollen Mill Industry had been considerably assisted by the increases in the import tariff which the revenue requirements of the country had caused them to impose and by the removal of the duty which had previously existed on woollen shoddies and rags. Apparently, in the hope that the increased duties which had been imposed on woollen imports would be of some assistance, no immediate protest appears to have been made against the decision of the Government of India although Government apparently ignored the fact that a claim for protection could be justified if an industry was of national importance, even though a temporary handicap might have to be imposed upon the consumer. The Woollen Industry is undoubtedly a key industry. As subsequent events have proved, Government's decision was unjust, as is shown by the rapid deterioration in the general financial position of the Industry and the forcing of a number of mills into bankruptcy. Although we have no statistics bearing on handloom production, it is a wellknown fact that the handloom weaver has suffered equally with the mills and that his market for puttuo, shawls and blankets has greatly diminished.

4. After 1931, other branches of the Woollen Industry were even more seriously affected by competition from the rapidly growing woollen industry in Japan, whose development had been assisted by currency depreciation. On 8th April, 1933, as a result of representations received from commercial and industrial interests in India, the Government of India introduced the Safeguarding of Industries Bill, which became law on 16th April, 1933. Representations were made by a number of woollen mills calling Government's attention to the need for immediate action being taken under that Act to increase the duties on woollen piecegoods in view of the precarious position of the Industry and the rapid increase in imports from Japan. In July, 1933, the Government of India issued a questionnaire to the minor industries of the country including the Woollen Industry for the purpose of ascertaining the duties which it would be necessary to impose to safeguard such industries against the abnormal competition with which they were faced. In December, 1933, action was taken as a result of Government's enquiries, and a Bill was introduced which gave some slight relief to the Woollen Mill Industry as far as hosiery and pure woollen piecegoods were concerned.

5. In this connection, it may be pointed out that when the Bill was first introduced in the Assembly in December, 1933, "Woollen Piecegoods" were described as goods containing not less than 90 per cent. of wool by weight. The Bill was ultimately referred to a Select Committee, who altered the definition so as to exclude felt and fabrics made of shoddy or waste wool from the minimum specific duty of 18 annas per pound, applicable in the case of foreign woollen fabrics. Mr. Ramsay Scott who was a member of the Select Committee in a separate Minute of Dissent pointed out that the exclusion from the minimum specific duty of felt and fabrics made of shoddy or waste wool was a direct invitation to importers to flood the Indian market with fabrics made from re-worked woollen fibre. He further pointed out that these fabrics were already severely competing with the more durable materials manufactured by the indigenous industry from Indian wool. Subsequent events have proved that Mr. Ramsay Scott's fears were more than justified.

6. Another amendment made by the Select Committee was in regard to "Woollen Mixtures." The original Bill defined woollen mixtures as piece-goods containing less than 90 per cent. and not less than 15 per cent. of wool by weight. The Select Committee altered this definition by reducing the minimum contents of wool in a mixture fabric to 10 per cent. by weight. In other words, fabrics containing 11 per cent. of wool and 89 per cent. of cotton or slightly less than 90 per cent. wool and more than 10 per cent. cotton would be subject to 35 per cent. duty if imported from foreign countries and 25 per cent. if imported from the United Kingdom.

7. When the Bill, as amended by the Select Committee, was discussed by the Assembly on 15th February, 1934, Mr. Ramsay Scott moved an amendment which would have had the effect of bringing woollen fabrics made of shoddy or waste wool within the scope of the minimum specific duty. Mr. Sadiq Hussein, who followed, explained that fabrics made of shoddy or re-worked woollen waste would compete not only with woollen fabrics made in Indian woollen mills but also with the products of the handloom industry. The Honourable the Commerce Member in replying to the debate expressed sympathy with the point of view put forward by the previous speakers, and though he was unable to accept the amendment moved by Mr. Ramsay Scott, he stated that Government were prepared, if asked, to send the case in respect of woollen goods to the Tariff Board for investigation and report. In view of this assurance the amendment moved by Mr. Ramsay Scott was withdrawn.

8. The question of the definition of woollen mixture fabrics was, however, taken up by the Millowners' Association, Bombay, and in a letter dated the 21st February, 1934, addressed to the Government of India, it was pointed out that the definition proposed by the Select Committee would give an incentive to foreign countries to import cottonwool mixtures containing just under 90 per cent. of wool to escape the specific duty applicable to pure woollen piecegoods to the great detriment of the Indian Woollen Industry. This, however, was not the only danger. Under the proposed definition, it would also be possible for foreign countries to escape the protective duties on cotton piecegoods by placing on the market a line of goods containing just over 10 per cent. of wool and between 80 and 90 per cent. of cotton. It was, therefore, pointed out that the needs of both the woollen and cotton industries would probably be met by providing for the imposition of an adequate specific duty on all fabrics coming under the definition of woollen mixtures as defined in the Bill, which had been then passed by the Assembly.

9. The assurance given in the Assembly by the Honourable Sir Joseph Bhore was followed by representations from individual mills to the Government of India, requesting a reference of the Industry's claim to protection to the Tariff Board, and in replying to a question from Mr. Ramsay Scott the Honourable the Commerce Member stated in the Legislative Assembly on 30th August, 1934, that Government proposed to refer the question of protection of the Woollen Industry as a whole to the Tariff Board for enquiry.

10. The Government communicate requesting the Tariff Board to investigate the Woollen Industry's case for protection was ultimately issued on 20th October, 1934, with the following terms of reference:—

- (a) Whether the conditions laid down in paragraph 97 of the Report of the Indian Fiscal Commission are satisfied in the case of the woollen textile industry in India; and
- (b) in what form, to what extent and in respect of what articles or class or description of articles protection should be given.

In order to substantiate a claim for protection, the Fiscal Commission has laid down three general conditions in paragraph 97 of their report which should be satisfied, although the report is prepared to admit a claim for protection, which does not entirely satisfy the three conditions if the industry concerned is essential for national defence or of special military value (paragraph 106).

*The Indian Woollen Mill Industry and Conditions Governing Grant of Protection.*

11. The first condition to be fulfilled is that the industry should possess natural advantages. In the case of the Indian Woollen Mill Industry, it is our contention that this condition is fulfilled. India produces annually about 90 million pounds of raw wool, about half of which only is suitable for export. In other words, about 50 million pounds of Indian wool must be consumed in this country. This quantity manufactured into suitable articles would produce about 25 million pounds of finished goods, the loss in manufacture on low wools being in the region of 50 per cent. Most of India's wools are only suitable for the manufacture of very coarse tweeds, made chiefly by handloom weavers, and rough blankets, travelling rugs and carpets.

12. We recognise that only a small fraction of Indian wools are suited for making worsted yarns, knitting wools and the better class of piecegoods. Suitable wools for this class manufacture will have to be imported until the quality of India's wool clip is much improved. A prosperous Indian Woollen Industry would provide a great incentive to the production of finer wools in India, and add to the wealth of the country. This partial dependence on imported wools, however, does not provide an argument against protecting the Indian Industry, a point of view accepted by the Tariff Board in their report dated 1932 on the Cotton Textile Industry, paragraph 102.

India is as well placed as any manufacturing country to import her requirements of fine wools. Reasonably cheap and abundant power is available in all manufacturing centres.

13. The labour required for the Industry is available and need not be very highly skilled except when producing fine goods. It is usually drawn from a large class of people with experience in hand spinning and hand weaving.

14. A number of important items of stores required by the Industry are already produced in India, such as belting, blending and lubricating oils, healds and reeds, soap, acid and Glauber salts. A prosperous Woollen Industry for the expansion of which there is ample scope, would, therefore, assist in the development of other subsidiary industries.

15. The extent of the home market may be gauged by examining the imports of woollen goods shown in the Government Statistics of Sea-borne Trade. India with its population of 350 million is one of the largest markets of the world for a large variety of woollen articles. It would add considerably to the wealth and economic stability of India if a larger proportion of India's imports could be produced in India, but at present owing to the severity of competition, only about 30 per cent. of the existing plant is working.

In times of emergency enormous quantities of woollen goods may be required, which could not be supplied from overseas. In the Great War, for example, the armies in the East and the Indian Government were dependent upon the manufacturing resources in India for the whole of their requirements of certain types of material. Under present conditions of severe foreign competition, this source of supply will soon no longer be available.

16. The second condition of the Fiscal Commission is that the industry should be one which without the help of protection is either not likely to develop at all, or is not likely to develop as rapidly as is desirable. The balance sheets of the Industry during the last few years indicate that the Industry is in need of greater assistance than is afforded by the existing scale of revenue and safeguarding duties. Although under these duties, certain branches of the Industry appear to enjoy a moderate measure of protection already, apart from the fact that the present tariff is mainly a revenue tariff which makes it possible that the duties may be reduced at any time, there are in the present arrangements serious defects and lacunae which will be discussed when dealing with the measure of protection required for the various classes of manufactures. Since the development of serious competition from Italy and Japan, the position of all mills has been such



that no dividends have been paid, no adequate provision for depreciation has been possible, and four mills have closed down entirely, while the remainder have been compelled to restrict their output enormously.

17. The third condition laid down in the Fiscal Commission's Report is that the industry should be one which will eventually be able to face world competition without protection. No estimate can at present be made as to when the Indian Industry will be able to fulfil this condition. It may be stated, however, that when the revenue duty was as low as 15 per cent. and the Industry was working at normal pressure, the competition then existing was satisfactorily met. The intense competition of recent years from Italy and Japan has been assisted by special factors, and it does not follow that the measure of protection immediately necessary to offset this competition will be required when those special factors no longer exist or have been overcome by lowering the cost of production in Indian mills. For this purpose, adequate protection is necessary in order that the Indian mills may enjoy a reasonable period of security to renew plant and reduce costs.

#### *The Woollen Tariff.*

18. Before proceeding to discuss the measure of protection required by each branch of the Industry, the present scale of duties is set forth below :—

Serial Number.	No. in the Statutory Schedule.	Names of Articles.	Tariff value.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of :	
					The United Kingdom.	A British Colony.
		<i>Yarns and Textile Fabrics.</i>		Per cent.	Per cent.	
122A (I)	238	Woollen carpets, floor rugs, shawls and other manufactures of wool not otherwise specified including felt.	<i>Ad valorem</i>	35	25	..
122A (II)	238A	Woollen hosiery and woollen knitted apparel that is to say, all hosiery and knitted apparel containing not less than 15 per cent. of wool by weight.	<i>Ad valorem</i>	35 or Rs. 1-2-0 per lb. whichever is higher.	25	..
122A (III)	238B	Woollen fabrics, not otherwise specified, containing more than 90 per cent. of wool, excluding felt and fabrics made of shoddy or waste wool.	<i>Ad valorem</i>	Do.	25	..
122A (iv)	238C	Fabrics, not otherwise specified, containing not more than 10 per cent. silk or 10 per cent. artificial silk, but containing more than 10 per cent. but not more than 90 per cent. wool.	<i>Ad valorem</i>	35	25	..
122B	199	Woollen yarn for weaving and knitting wool.	<i>Ad valorem</i>	30	20	..
122C	45B	Yarn (excluding cotton yarn) such as is ordinarily used for the manufacture of belting for machinery.	<i>Ad valorem</i>	6½	..	..
123	100	Yarns and Textile fabrics, that is to say Blankets and Rugs (other than floor rugs), excluding Blankets and Rugs made wholly or mainly from artificial silk.	<i>Ad valorem</i>	25	..	..
126A	238H	Textile manufactures, not otherwise specified.	<i>Ad valorem</i>	35	25	..

\* NOTE.—Under Government of India, Finance Department (Central Revenues), Notification No. 14, dated the 10th April, 1932, woollen waste and rags are exempted from payment of import duty.

19. It will be noted from this schedule that woollen goods are divided into eight categories. We contend that the present categories are unsatisfactory. All-wool fabrics are subject to a specific duty of 18 annas per pound from foreign countries, yet a fabric which appears to be all-wool, and serves exactly the same purpose, but containing 11 per cent. of cotton, will escape with a duty of 35 per cent. and would not be subject to the specific duty. We contend that such materials which appear to be the same, serve the same purpose, and are made in the same factories with the same machinery should be subject to specific duties as in the case of pure woollen goods.

20. Secondly, the specific duty is inapplicable to all-wool goods made from or containing a proportion of, re-claimed wool, however low that proportion may be. Such articles are apparently assessed under Serial No. 126A. There is a very wide range of materials containing a proportion of reclaimed wool which cannot be distinguished with certainty even by the most careful and expert examination, from goods made from new wool, and which are, therefore, entitled to admission under this serial number of the tariff schedule. The term "waste wool" includes lap waste, thread waste, noils and other wastes formed at various stages in the manufacture of worsted yarns, which can be made into a wide range of woollen piecegoods. Such wastes are indistinguishable from new wool, as they have not previously undergone any milling or wet processes, yet articles made from them would be entitled to escape the specific duty under serial No. 122A (iii), and be imported under No. 126A. It is not known to what extent importers take advantage of this loophole, but we contend that it should not exist. It is significant, however, that the imports of "other sorts" under Serial No. 126A were more than five times as great in the first six months of the present fiscal year as in the corresponding period of last year. The present import tariff schedule, which created this anomaly, was framed when manufacturers must have already produced their styles for this year's trade. It is to be expected, therefore, that the imports of such goods will rise even more rapidly next year when foreign manufacturers have fully taken advantage of the situation. The difference in the scale of duties is sufficiently great to encourage the production of goods specially made to escape the specific duty, and the technical difficulty in identifying reclaimed wool and wool waste in manufactured woollen goods affords a genuine objection to the present tariff arrangements. We submit that there is no justification in exempting from the specific duty goods which contain shoddy or waste wool.

21. There also appears to be no logical reason why shawls which are all-wool articles, and which have been made by cutting shawl cloth into lengths should escape the specific duty applicable to shawl cloths and other worsted piecegoods.

22. Another defect of the schedule is the inclusion under one Serial No. 123 of practically all classes of blankets and travelling rugs (except those made from artificial silk), from whatever country of origin. It is our contention that blankets and travelling rugs should be classified under two separate items, namely:—

- (1) Cotton Blankets containing not less than 90 per cent. of cotton by weight;
- (2) Woollen Blankets and travelling rugs containing more than 10 per cent. of wool by weight.

The rates of duty which the Industry requires are discussed with particulars of costs of the separate classes of goods manufactured in India.

#### *Woollen Blankets and Travelling Rugs.*

23. There are about 732 heavy woollen looms in woollen factories in India, including jails, all of which are capable of manufacturing blankets and travelling rugs. Of these, probably not more than 600 would normally be available for the manufacture of blankets and travelling rugs. If all mills were working at full pressure, the annual productive capacity of 600 looms on a 9-hours day would be about 15 million pounds of blankets. During the last few years, the actual output of blankets and rugs in India has greatly

diminished, and from the reports submitted by individual mills, we estimate that not more than 5 million pounds of blankets and rugs were produced by Indian mills during the year 1933-34.

24. The imports of blankets and rugs during the last few years have been as under:—

	1929-30.	1930-31.	1931-32.	1932-33.	1933-34.
Quantity (lbs.)	4,833,186	3,667,415	2,411,373	4,177,079	5,119,678
Value (Rs.)	51,05,921	36,50,855	18,74,846	33,97,222	40,02,294

The bulk of these imports come from Italy, and almost entirely consist of travelling rugs made of shoddy materials. Italy's share of this trade during the same five years has been:—

	Lbs.
1929-30	4,160,107
1930-31	3,336,095
1931-32	1,990,024
1932-33	3,781,665
1933-34	4,895,483

The 1933-34 figures and the figures for the first six months of this year, indicate that practically the whole of the import trade in blankets and rugs has been captured by Italian manufacturers. It must be recognised that blankets and travelling rugs made from reclaimed wool are totally different in character from anything that can be produced by Indian Mills from Indian wool, although Indian manufactures can, and have in the past, served the same purpose. The Italian rug has a soft and full handle, an attractive appearance, but is much less durable. To illustrate the wearing properties of the Italian article in comparison with Indian goods which they are now displacing, tests have been carried out by the Bangalore Woollen Cotton and Silk Mills on a Goodbrand strength testing machine on a number of popular qualities. The results of these tests, which are a direct indication of the life of the article, show conclusively that the Indian made rugs are at least twice as durable:—

	Weight. lbs. oz.	Warp. lbs.	Weft. lbs.
<i>Italian Rugs</i>			
"Borial," double shoddy rug, 75 per cent. wool, 25 per cent. cotton	3 12	105	73
"Victoria," single shoddy rug, 50 per cent. wool, 50 per cent. cotton	2 10	73	40
"Gloria," double shoddy rug, all-wool	5 0	98	45
<i>Indian Rugs:</i>			
All-wool single rug from Viccanere wools	3 12	235	135
All-wool rugs from inferior wools	3 0	205	95

25. Until this year, the annual imports show no very great increase, for although in 1933-34 they were more than double the quantity for 1931-32, they did not greatly exceed the figure for 1929-30, and were actually lower than the figure for 1928-29. It may, however, be noticed that Italy's share of the total has steadily risen. The period under review has been one of great economic depression, and the purchasing power of the country has diminished to a considerable extent. So far as the Indian Woollen Industry is concerned, it is their goods which have suffered and steadily lost popularity, as is proved by the fact that production has been reduced to an abnormally low level. The economic effect of the reduced activity of the Indian blanket making industry has affected not only the comparatively small number of persons directly employed in the mills, but has reduced to distress a very much larger number of handloom weavers, and has, by reducing the price of low Indian wools, drastically cut down an important source of income of millions of growers of those grades of wool which do not find an export market, but which were previously used in the production of handwoven and mill made blankets and rugs. It is a significant

fact that since the establishment of the trade in Italian rugs and the consequent displacement of Indian goods, the prices of low grade wools have steadily fallen, and have not shared in the rise in world prices of other grades of wool since 1931. We give below two tables showing the relative indices of prices of 50s cross bred tops at Bradford for the months of September for four years and for comparison the index number of four typical low grade Indian wools for the same years. The latter prices represent actual purchases by mills.

*50s cross-bred tops.*

September . . . . .	1931	1932	1933	1934
Index Number . . . . .	100	123	150	132

*For Indian low-grade wools.*

	1931	1932	1933	1934
	100	90	80	73

The immense losses which have been sustained by the Indian wool grower are very clearly demonstrated by comparing the two tables. Thus, the wool grower in Australia and other parts of the world received 32 per cent. more for his wool than he did in 1931, while the Indian wool-grower received 27 per cent. less. In other words, his income from wool is only about half what it would have been if his wool had been able to share in the general rise in world prices. The chief factor, which has prevented the appreciation of values is the depression in the Indian woollen mill and handloom industry.

26. The Indian Woollen Industry is a key industry, which must be preserved in order to produce at items of emergency the various articles required by Government. It is equally necessary that the Indian wool-grower should be able to realise a fair price for his product. Neither of these two objects is likely to be achieved unless the imports of shoddy blankets and rugs are restricted. Restriction can be effected by raising the duty on the imported article or by means of a quota system, or by a combination of both.

27. Although we have no continuous record of the c.i.f. prices of Italian rugs, such information as we have and the Blue-Book figures indicate that prices have not fluctuated to any great extent since 1931-32. The basis on which business for 1934 has been done is given in the following table taken from manufacturer's price lists. The prices quoted are subject to a discount of 1 per cent. on orders of 200 bales or more and 2 per cent. for 500 bales or more. We have, however, reason to believe that when business is transacted, offers of 1d. or 2d. a rug less than the quoted rates are usually accepted.

Quality and Size.	Composition.	Weight.	C.i.f. Indian Ports.		Landed Cost, Duty paid.	Annas per lb.
			lbs.	ozs.	Rs. A. P.	
"Victoria," single, 54" x 84" . . .	50% wool 50% cotton.	2 10	2	10	2 6 3	14.6
"Calcutta," single, 54" x 100" . . .	85% wool 15% cotton.	2 14	3	10½	3 4 6	18.3
"Riviera," double, 54" x 84" . . .	50% wool 50% cotton.	4 9½	5	5½	4 9 4	16.0
"Boreal," double, 54" x 84" . . .	75% wool 27% cotton.	3 12	5	7½	4 11 6	20.1
"Flamingo," single, 54" x 88" . . .	All-wool . . .	4 0	5	6	4 9 9	18.5
			-	--	5 6 6	17.6

28. Experiments in the production of exactly similar goods have been conducted by the Bangalore Woollen Cotton and Silk Mills, whose experience leads to the conclusion that, although it is quite possible to manufacture similar articles, the bare cost of manufacture in India from imported shoddies was about 10 per cent. higher than the landed cost, duty paid, of the corresponding Italian article. The bare cost of manufacture by the Bangalore Woollen Mills includes depreciation on machinery at 5 per cent. but no interest on capital invested. It is calculated on the basis of normal working hours at full capacity.

29. Estimating the total capital required by a woollen mill of similar capacity to the Bangalore Woollen Mills at Rs. 20 lakhs, and the total annual output of rugs and blankets similar to Italian products at 1 million pounds, a fair return of 8 per cent. on capital invested would add As. 2½ per pound to the bare cost of manufacture. To realize this fair selling price for an exactly similar article to the imported goods, it would, therefore, be necessary to increase the existing duties by approximately 34 per cent. As a matter of experience, it would probably be necessary for some time at least for Indian mills to sell such goods at prices lower than the imported rugs in order to create a market for them.

30. The encouragement of the production of shoddy rugs in India would not, however, do anything to improve the position of the Indian wool grower, and might continue to encourage trade in inferior articles. As shoddy rugs and rugs made from Indian wools are fundamentally different in appearance and character, it is impossible to estimate with any degree of certainty what additional duties would have to be imposed in order that the Indian pure wool article should be preferred to the Italian. During the present season, however, Indian Mills have realised prices varying from As. 1-3 per lb. on low grade rugs to As. 4 per lb. on superior rugs below the bare cost of production.

31. Considering all the circumstances, we are inclined to suggest the restriction of the imports of blankets and rugs by means of a quota combined with a moderate increase in duty. The advantages would be:—

- (1) Encouragement of the use of Indian wools. The raising of the present duties by a moderate amount would not be sufficient to stimulate the manufacture of shoddy materials in India.
- (2) The retention by Government of a reasonable revenue from Customs duty.
- (3) A wider market for Indian made products through the restriction of imports, which would allow a key industry a reasonable chance of survival.
- (4) Improvement in the economic condition of the handloom weaver.
- (5) The import of a reasonable quantity of foreign goods would safeguard the consumers' interests.

We suggest an annual quota for India, including Burma, equal to the average imports of the last five financial years omitting the current year during which an abnormal increase of imports has already taken place. This would allow a total import of about 4 million pounds from all countries, of which Italy's share would amount to approximately 3½ million lbs. The quota might be fixed for a period of five years. Coupled with a quota, we suggest an increase in the present duty of not less than 10 per cent. against all foreign countries. If, however, for any reason a quota is found impracticable, an additional duty of at least 30 per cent. would be necessary.

#### *Worsted Yarn for Weaving.*

32. *Extent of the Market.*—It has not been found possible to make an estimate of the extent of the market for this class of yarn owing to the lack of complete information regarding the production of Indian Mills, the entire absence of information as to the production of handspun yarn of

worsted type and the impossibility of separating hosiery yarn from weaving yarn in the Blue Book statistics. Judged by the number of spindles, however, the output of worsted yarn by Indian Mills, if all the worsted spindles were employed in the production of that type of yarn, would be approximately 8 million lbs. of 2/20s worsted yarn per year. This calculation is based on single shift working of 9 hours per day. A fair amount of worsted yarn is, however, utilised in the production of worsted piecegoods and the amount of worsted yarn available for sale to the handloom weaving industry would be considerably less than the above figure, unless multiple shifts were worked. During the last five years, imports of worsted yarn including hosiery yarn have been as under:—

Year.	Total imports into India (in lbs.).
1929-30 . . . . .	486,436
1930-31 . . . . .	568,957
1931-32 . . . . .	567,626
1932-33 . . . . .	911,974
1933-34 . . . . .	886,505

33. Up till the end of 1932-33 the chief sources of supply for worsted weaving and hosiery yarns were the United Kingdom, Poland and France. Since 1933-34, however, the position has materially altered. The United Kingdom has improved her position somewhat, but the most significant feature has been the advance made by Japan, who imported 465,000 lbs. of this type of yarn or nearly 10 times as much as in the previous year. This advance by Japan was made at the expense of Poland and France. In the first 5 months of 1934-35, the total imports of worsted and hosiery yarns amounted to no less than 684,000 lbs. of which Japan supplied almost 500,000 lbs. and the United Kingdom about 151,000 lbs. The imports from other countries in the first five months of this year were less than 33,000 lbs. which tends to show that they were unable to withstand the competition from Japan. Indian mills were similarly unable to withstand this competition. In the table below are given the approximate landed costs in October, inclusive of the duty, of the various classes of Japanese worsted yarn which are at present imported:—

2/40s Rs. 2-11-6 per lb.
2/48s Rs. 2-13-6 per lb.
2/64s Rs. 2-4-0 per lb.

NOTE.—The quotation for 2/64s is abnormal, as raw material costs are higher than for lower counts and manufacturing charges also would be proportionately higher.

34. Since the advent of Japanese competition, it has not been possible for any Indian mill to market Merino weaving yarns, but two mills have supplied estimates of what yarns similar to those sold by Japan will cost them to make. The prices are given in the table below, and do not include any allowances for depreciation, interest on working capital or profit:—

2/40s Rs. 2-12-5 per lb.
2/48s Rs. 2-15-9 per lb.

Taking the most popular count of Japanese yarn, namely, 2/48s, the fair selling price of Indian mill made yarn, that is, including depreciation and 8 per cent. return on capital would amount to Rs. 3-8 per lb. In other words, an additional duty of 10½ annas per lb. is necessary to enable Indian mills to compete with Japanese yarns on equal terms. In 2/64s, which is becoming increasingly popular, the additional duty required to enable Indian mills to compete satisfactorily against Japanese yarns would amount to 46 per cent.

35. As regards cross bred yarns, which Indian mills have been producing for some years, and which it might eventually be possible to produce from the

better classes of Indian wool, direct competition has recently been from Poland and previous to that from France. The mills estimate that their selling price including 8 per cent. profit and depreciation would be Rs. 1-6-6 per lb. for 2/20s, which is approximately 4 annas per lb. higher than the ex-godown price of the competitive Polish yarns.

#### *Hosiery Yarns.*

36. No particulars are available as to the exact quantity of hosiery yarns being imported, as there is no separate heading for this type of yarn in the import trade statistics. The competition which the mill industry has to meet in this class of yarn was previously from Poland and the United Kingdom, but for the last 18 months, the most severe competition has been from Japanese Merino yarns. The most popular count of yarn imported is 2/28s. In this count of yarn Indian Mills' fair selling prices are estimated to be 2 to 3 annas per lb. higher than the duty paid price of Japanese yarn.

#### *Knitting Wool.*

37. Imports of knitting wools into India during the last five years have been as follows:—

Year.	(Figures are in lbs.)
1929-30 . . . . .	598,401
1930-31 . . . . .	537,963
1931-32 . . . . .	739,170
1932-33 . . . . .	995,775
1933-34 . . . . .	809,966
1934-35 (five months) . . . . .	854,111

Till the end of 1931-32, the main sources of imports of this article were the United Kingdom and Germany. Since that time, however, Japanese competition has increased enormously, and in the first five months of the present year, the market in imported knitting wools has been shared between the United Kingdom and Japan, the Japanese share being roughly  $1\frac{1}{2}$  times that of the United Kingdom. Except in low quality wools made from cross bred types, Indian mills have been unable to place any business owing to the competition from Japanese knitting wools made from high class Merino wool.

38. A typical Japanese 4/13s knitting wool was recently sold at a price of Rs. 1-6 per lb. c.i.f. Karachi; that is Rs. 1-13 per lb. including duty and landing charges in competition with a 4/12s Indian mill made knitting wool, which had previously been extremely popular in the market and for which the lowest price which it was possible to quote, that is exclusive of any allowance for depreciation or profit, was Rs. 2-1 per lb. The fair selling price of the Indian knitting wool would have been roughly Rs. 2-2-6 per lb.

39. In the case of another popular quality of Japanese knitting wool, namely, 4/16s, Flower Brand, the current bazar quotation is Rs. 2-1-6 per lb. against which though quoting the bare cost that is excluding depreciation and profit—Indian mill prices were  $11\frac{1}{2}$  annas per lb. higher. It would thus appear that in order to compete with the Japanese knitting wools, an import duty of approximately 57 per cent. would be required in the case of 4/12s, and in the case of 4/16s the duty required would be about 80 per cent. *ad valorem*.

40. On the basis of the present costs of manufacture in Indian mills, it would appear that an *ad valorem* duty of something like 50 per cent. is necessary in order to enable Indian mills to compete against Japan in weaving and hosiery yarns. In the case of knitting wools, the duty required to meet Japanese competition would be considerably higher. Against other countries the amount of protection required would be substantially less, but in view of the recent agreement entered into between Japan and India, higher duties than those imposed on any other foreign countries cannot be imposed on Japanese goods unless the value of the Yen depreciates below

the present level. Taking this fact into consideration, as also the desirability of protecting as far as possible the interests of the handloom weaver and the hosiery industry to whom the cost of yarns might temporarily be increased if such a scale of *ad valorem* duties were imposed, and the desirability of maintaining a high potential productive capacity for the Indian Mill Industry to meet emergency conditions, we suggest as an alternative that a quota system based on the average of the imports of the last five completed financial years might be introduced with an increase of 5 per cent. in the *ad valorem* rate of duty applicable in the case of foreign countries in order to enable Indian mills to meet the competition from such countries as France, Poland and Germany. Such an arrangement would mean in the case of worsted and hosiery yarns a total quota for all countries of about 684,000 lbs. of which Japan's share would be 103,000 lbs. In the case of knitting wool, the quota for all countries would amount to 736,000 lbs., and Japan's share would be 103,000 lbs. per year. The benefits of such an arrangement to the Indian Mill Industry would be considerable inasmuch as the total imports of weaving and hosiery yarns would be 200,000 lbs. and knitting wools 75,000 lbs. less than they were in 1933-34. In addition, it would not be necessary to impose the burden of a very much higher duty upon the consumer. The Indian mills would also benefit in comparison with 1933-34 by the fact that in the case of weaving and hosiery yarns, the chief competitors' imports would be reduced by about 360,000 lbs. in the case of weaving and hosiery yarns and by 220,000 lbs. in the case of knitting wools. Such an arrangement would also tend to stimulate the greater use of Indian raw wool of better qualities which are suitable for certain types of low count yarns.

#### *Woollen Piecegoods.*

41. The total productive capacity of the Indian Industry per annum on the basis of a 9-hour day in 12 ounces cloth (54" wide) is estimated to be 9 to 10 million yards. At present, however, mills are working at about half capacity and it is, therefore, probable that not more than 5 million yards of woollen and worsted piecegoods of all kinds are being manufactured. Imports of woollen goods until the present year were classified in the import statistics under three heads, namely, Piecegoods, Shawls and "Other Sorts". The figures of imports during the last five completed financial years under these three heads are shown in Appendix A. They indicate that in the case of piecegoods, the chief suppliers were the United Kingdom, France, Italy and Japan. With the alterations in the rates of duty applicable to various types of woollen manufactures in December last year, the position has changed very considerably. The classifications adopted in the import statistics have also been modified. Figures are now shown separately for mixtures to which the specific duty of Rs. 1-2 per lb. does not apply.

42. In Appendix B, we give the imports from the leading countries under each classification for the first five months of this year, which indicate fairly clearly the competition which the Industry has to meet. In the case of mixtures, it is not possible to ascertain the exact changes which have taken place in the extent and severity of competition from various countries owing to the fact that separate figures regarding mixture imports have only been compiled from the commencement of the current financial year. The high proportion of mixture goods imports from the United Kingdom is, however, noteworthy. It is also significant, taking all classes of piecegoods together, i.e., all-wool piecegoods, mixture goods and other sorts, imports for the first six months of 1934-35 were greatly in excess of the total imports of the same classes of goods in the corresponding period last year.

In the case of shawls, where competition is known to be severe, particularly from Japan, imports during the first half of this year were lower than in the corresponding six months of last year, but as the buying season only really begins in the month of September, it cannot be said that Japanese competition in this type of goods has in any way been successfully met.



In "other sorts" there was, during the month of September, and in the month or two preceding, an enormous increase in imports compared with the previous year. This was almost certainly due to the exclusion of shoddies from the all-wool piecegoods classification in the Tariff Amendment Bill of December last, which gave the Italian and other manufacturers an opportunity of bringing in a wide variety of specially manufactured woollen goods at a 35 per cent. duty which we contend should have been subject to the same duty as is applied to all-wool piecegoods.

#### *All-wool Piecegoods.*

43. *Protection required.*—As indicated in a previous paragraph, the most severe competition in this class of piecegoods which the Indian industry has to meet is from Japanese piecegoods. A number of representative lines of Japanese serges, suitings, etc., which have sold freely in the market have been analysed by Indian mills, and it has been found that in this class of goods the bare cost of manufacture in India of goods of exactly similar types is approximately 20 per cent. higher than the duty paid cost of the Japanese article. These goods which have been analysed usually weigh about 8 ounces per linear yard, 52" wide. In the case of a typical Japanese serge, the duty-paid price amounted to Rs. 1-13 per yard (weight 8 ounces per yard—width 52"), while the bare cost of manufacture of this cloth in India amounted to Rs. 2-2 per yard exclusive of depreciation and profit. The fair selling price of the Indian article would have been approximately Rs. 2-5-6 per yard. In other words, a total duty of 87½ per cent. *ad valorem* is necessary. On a specific duty basis, the duty required would be Rs. 2-3 per lb.

44. The addition to be made to the bare cost of manufacture in order to obtain the fair selling price has been based on the approximate cost to-day of a mill containing 10,000 worsted spindles, 200 worsted looms and the necessary dyeing, bleaching and finishing plants. The cost of the plant and building has been estimated at Rs. 15 lakhs and the working capital at 10 lakhs of rupees. The total capital is thus 25 lakhs, and depreciation has been allowed at 4½ per cent. on the block cost, and profit at 8 per cent. on the total capital.

#### *Woollen Mixtures.*

45. In the case of mixtures, competition with Indian mill products is chiefly of an indirect character as Indian mills have not produced mixtures to any considerable extent owing to the difficulty of making this type of goods in the same building as pure woollen goods. The difficulties referred to are of a technical character, and will be explained to the Board in detail if they consider it necessary. The actual appearance of the imported mixture articles, especially those of Japanese manufacture, is very similar to the all-wool Indian fabrics against which they compete, but the bare cost of the Indian articles is at least 80 per cent. higher than the c.i.f. price of the competitive article from Japan. A duty of at least 80 per cent. on Japanese mixture goods would, we submit, be necessary to enable Indian mills to place all-wool products on the market.

46. Even if Indian mills were able to overcome the technical difficulties referred to in the previous paragraph, it is more than doubtful whether, as far as Japan is concerned, they would, within a measurable space of time, be able to compete by producing similar goods to those now imported with a duty of anything less than 75 per cent. Mixtures from Japan are composed of cotton and wool, either cotton warp and woollen weft, or cotton weft and woollen warp. The degree of protection which the cotton trade required against Japanese competition without the restrictive influence of the quota was fixed at 75 per cent. by the Tariff Board. In the case of pure woollen piecegoods, Indian mills estimate that a duty of something over 80 per cent. is necessary: in other words, the duty requirements of the Indian Woollen Mill Industry and the Indian Cotton Mill Industry *vis-a-vis* Japan are approximately the same. It is, therefore, logical to suggest that, when producing cotton and woollen mixtures, a duty of something like 80 per cent. would be necessary to enable Indian mills to meet Japanese competition.

*Shawls.*

47. In the case of shawls, the position is on all fours with that of pure woollen goods. From the samples which have been costed by Indian mills, approximately the same duty is required to enable mills to meet Japanese competition.

*Other Sorts.*

48. The only class of woollen manufactures remaining to be dealt with is that described as "other sorts" in the import statistics. Reference has already been made in previous paragraphs to the great increase, which has taken place under this head during this year. All classes of shoddies, including blazer cloth, meltons and shoddy tweeds, particularly from Italy, are, it is understood, allowed to be imported from foreign countries with an import duty of 35 per cent., and we submit that there is no sufficient justification for any distinction being made between the duties applied to this class of goods and pure woollen goods, more particularly as a reduction in the imports of such goods would enable Indian mills and the Indian handloom weavers to market more durable all-wool piecegoods of similar appearance in the manufacture of which a considerable proportion of Indian wool can be used.

*Protective Requirements for Woollen Piecegoods.*

49. The protective requirements of the Indian Woollen Mill Industry in the case of all-wool piecegoods on the basis of present prices of competitive lines amount to approximately 80 per cent. *ad valorem* or Rs. 2-3 per lb. as far as Japan is concerned, but as far as other countries are concerned, substantially lower duties would enable the Indian Industry to compete satisfactorily.

50. In the case of mixtures, a duty of 80 per cent. *ad valorem* is required against Japan, and a similar *ad valorem* duty is necessary on shoddies to enable the Indian mill and handloom industry to meet Italian competition. As in the case of blankets, travelling rugs and yarns, and for similar reasons, it is suggested that the Tariff Board might consider the desirability of recommending the introduction of a system of quotas based on the actual importations of the last five years in each of the main piecegoods classifications specified in the imports statistics as an alternative to raising the *ad valorem* duties on foreign piecegoods to 80 per cent.

51. In the event of a quota system being introduced, the *ad valorem* duty on foreign piecegoods could be fixed at 50 per cent. in all categories, with an alternative specific duty of 18 annas per lb. in the case of pure woollen piecegoods, shawls and other sorts, and an alternative specific duty of 14 annas per lb. in the case of mixtures.

*Sizing Flannel, Roller and Clearer Cloth and Belting Yarn.*

52. The abovementioned materials, as a result of the recommendations of the Cotton Textile Tariff Board of 1926, were placed on the duty free list by the Government of India on the ground that they were among the important mill stores used by the Cotton Mill Industry. Since 1926, owing to the revenue requirements of the country, the import duty on the first three items has been raised to 10 per cent. *ad valorem* and on belting yarn to 6½ per cent. When the Tariff Board's recommendations were made, these articles were not being manufactured by Indian woollen mills. At the present time, however, at least two Indian mills have begun to produce satisfactory qualities of sizing flannel, clearer cloth and belting yarn, but are not in a position to obtain fair selling prices for their goods owing to the low rates of duty imposed on the corresponding imported articles. They submit, therefore, that, in order to obtain fair selling prices, higher duties should be imposed. They contend that the Indian industries consuming these products would not be penalized in any way if higher import duties were imposed because internal competition and the wider market opened out to them would enable them to work their plants more economically and make it possible to quote lower prices than are at present feasible. It is submitted that the Board might examine the demand made.

*Woollen Hosiery and Woollen Knitted Apparel.*

53. The woollen mills on whose behalf this case is being submitted are not manufacturing hosiery or knitted apparel, and are not, therefore, in a position to state what degree of protection is required for such classes of goods.

*Staple Fibre.*

54. Artificial staple fibre under such trade names as Vistra and Smafiocco is being used in increasing quantities by the woollen and cotton industry of the world to produce special effects, and if Indian mills are to keep abreast of their competitors, this new but increasingly important raw material may have to be employed in larger quantities. At the present time, the duty imposed upon it is 25 per cent. which at to-day's price is nearly 3 annas per lb., as against half an anna per lb. on raw cotton and nothing on raw wool. So far, it has not been produced in India, but experiments are being made to determine whether it could be manufactured in the country from low grade cotton and other cellulose materials. It is contended that unless and until staple fibre is produced in India, an import duty higher than that on raw cotton is unnecessary and inadvisable.

**APPENDIX A.**

*Statement showing the Imports of Woollen Goods into India.*

(Figures are in thousands.)

From	1929-30.	1930-31.	1931-32.	1932-33.	1933-34.	1934-35. 5 months : April/ August.
<b>Piecegoods—</b>						
United Kingdom . Yds.	3,732	2,040	1,312	2,799	3,181	696
Germany . . . . "	1,152	491	255	462	399	39
France . . . . "	3,952	2,066	2,036	4,562	2,743	191
Italy (including " Fiume).	2,126	2,017	1,386	3,608	2,123	78
Japan . . . . "	712	568	121	1,413	2,090	2,263
<b>TOTAL ALL COUNTRIES "</b>	<b>12,561</b>	<b>7,719</b>	<b>5,516</b>	<b>13,947</b>	<b>11,536</b>	<b>3,360</b>
<b>Shawls—</b>						
United Kingdom . Nos.	73	14	3	11	9	..
Germany . . . . "	290	223	114	186	171	2
France . . . . "	88	23	4	23	9	..
Italy (including " Fiume).	186	130	41	57	35	5
Japan . . . . "	..	..	2	58	106	27
<b>TOTAL ALL COUNTRIES "</b>	<b>658</b>	<b>392</b>	<b>164</b>	<b>338</b>	<b>332</b>	<b>34</b>
<b>" OTHER SORTS "—</b>						
United Kingdom . lbs.	151	100	192	342	321	48
Germany . . . . "	46	27	16	9	20	25
Italy (including " Fiume).	53	24	1	3	..	337
Japan . . . . "	..	2	3	..	7	..
U. S. A. . . . "	47	25	5	24	12	..
<b>TOTAL ALL COUNTRIES "</b>	<b>310</b>	<b>184</b>	<b>225</b>	<b>395</b>	<b>379</b>	<b>457</b>

NOTE.—\*From 1st April, 1934. Woollen Mixtures have been recorded separately.

## APPENDIX B.

*Imports into British India in 1934-35.*

Countries.	Piecegoods All-Wool. (Figures for 6 months.)	Mixtures. (Figures for 6 months.)	Shawls. (Figures for 5 months.)	Other Sorts. (Figures for 5 months.)
	Yards.	Yards.	Nos.	Lbs.
United Kingdom . . . . .	1,098,811	1,163,901	1,520	47,613
France . . . . .	287,193	..	..	..
Italy . . . . .	245,554	297,172	5,102	387,189
Germany . . . . .	134,204	15,778	1,978	24,565
Poland . . . . .	..	..	..	46,989
Japan . . . . .	8,678,789	209,079	26,747	..
<b>TOTAL IMPORTS</b>	<b>5,622,814</b>	<b>1,746,326</b>	<b>34,307*</b>	<b>457,301†</b>

\* The total import of shawls for six months from all countries was 68,568.

† The approximate yardage of this class of manufactures would be about 3rd times the above figures.

Shawls are usually made in lengths of 98".

† The total for six months from all countries was 985,659.

In the case of other sorts which consist chiefly of shoddies and blazer cloths, tweeds, etc., made from, or containing, a proportion of shoddy, the average yardage per lb. may be taken as one yard per lb.

**Messrs. Ahmed Ebrahim Brothers, Rangoon.**

*Letter dated the 12th November, 1934.*

**ENQUIRY REGARDING PROTECTION TO WOOLLEN INDUSTRY.**

We have seen in the papers that the Tariff Board are now enquiring in the above matter.

When a similar enquiry regarding protection to Hosiery Industry was undertaken the Board had issued a questionnaire, and as we are hosiery manufacturers we got a copy of it and submitted our reply. We have received no such communication this time, but while the matter is being enquired into by the Board, we beg to submit the following for their consideration.

*Woollen shawls.*—Although other articles of woollen hosiery and woollen piecegoods are now assessed at 25 per cent. United Kingdom and 35 per cent. or 18 annas per lb., whichever is higher for Foreign goods, woollen shawls are passed at 35 per cent. duty under item 238 of the present Tariff.

As the duty on non-British woollen yarns is 30 per cent., the duty of 35 per cent. for manufactured non-British goods is evidently very low. In order that this matter be easily understood we beg to advise having despatched by separate post the following samples:—

- (1) 7 samples of woollen shawls (knitted) made at our Factory. To each of these shawls are attached 5 small cuttings showing a few of the several different designs made by us.
- (2) 7 samples of woollen shawls (woven on looms) of Japanese make, imported by two firms here.

The weight of the Japanese shawls is 5 lbs. per dozen and as they are made on looms they can be turned out in large quantities. Owing to very low rate of duty, Japan has dumped such shawls in this and other Indian markets in very large quantities. The quantity imported this year is so large that during the last 10 years, even 10 per cent. of the quantity imported this year, had not been exported by Japan.

Following are the details of value of these shawls:—

	Rs. A.
C.i.f. value as taken from the daily list of Exports and Imports of Rangoon Custom House, per dozen . . . . .	11 5
Duty thereon at 35 per cent. . . . .	3 15
	<hr/> 15 4

As however, large quantity has been dumped into this market, merchants are now selling them even at a slight loss, *viz.*, Rs. 15 per dozen.

We were under the impression that duty on shawls would be Re. 1-2 per lb., same as Mufflers and other woollen hosiery, and we therefore made about 3,000 dozens of these shawls. Our present capacity is to produce about 50 dozens per day. Now as these Japanese shawls are passed at 35 per cent. duty, we have closed down our machines and stopped making them.

Our manufacturing cost of shawls comes to Rs. 19 per dozen and they were sold in the market at Rs. 21 per dozen, but now as the Japanese shawls sell at Rs. 15 per dozen, we will be obliged to sell our shawls also at same price and will stand to lose Rs. 4 per dozen.

In order to bring the cost of the Foreign shawls on a line with those of local make we submit that the duty on them may be fixed at Rs. 2 per lb., which would make the cost of Foreign shawls Rs. 21-5 per dozen.

We beg further to submit that the duty on woollen hosiery which is at present 35 per cent. or 18 annas per lb. whichever is higher for Foreign goods, is also very low and ought to be fixed at 35 per cent. or Rs. 2 per lb. whichever is higher.

To illustrate our point we take a typical case of woollen Mufflers.

We have posted the following samples of mufflers:—

- (1) 7 samples of woollen mufflers of Japanese make.
- (2) 7 samples of similar mufflers made at our Factory.

	Rs. A.
The c.i.f. value of the Japanese Mufflers is Yen 6-55 per dozen which converted in Rupees at exchange 78 works out to . . . . .	5 2
Weight of the mufflers being 2 lbs. 1 oz. per dozen duty at 18 annas per lb. thereon is . . . . .	2 5
Total . . . . .	<hr/> 7 7

Similar mufflers made at our Factory weighing 2 lbs. 6 ozs. per dozen cost Rs. 9-4 per dozen.

If the duty on Foreign article was Rs. 2 per lb. its cost would be—

	Per dozen. Rs. A.
C.i.f. value as above . . . . .	5 2
Duty on 2 lbs. 1 oz. at Rs. 2 . . . . .	4 2
Total . . . . .	<hr/> 9 4

It will thus be seen that in order to bring the cost of the Foreign article on a line with the cost of the Local made goods, the proper duty would be Rs. 2 per lb.

We therefore submit that the duty on woollen shawls knitted or woven, and all other woollen hosiery goods be fixed at:—

British 25 per cent.

Non-British 35 per cent. or Rs. 2 per lb. whichever higher.

As the duty on non-British woollen yarns is 30 per cent., and that on the manufactured article is now 35 per cent., no loss to Government revenue will occur, because if duty on Foreign goods is fixed at 35 per cent. or Rs. 2 woollen yarns will be imported in much larger quantities, and the impetus given to making such goods in India will greatly help the labour. Further a substantial help will be received by British articles by this arrangement.

As the Yen exchange has depreciated from Rs. 137 to Rs. 78 per 100 yen—or nearly 75 per cent., the saving to Japan in the shape of labour charges is considerable. We have no such advantage, but on the contrary in the near future under the new Factory rules we will have to work 9 hours a day instead of the present 10 hours.

We trust the Board will consider these points and revise the duties as requested to give the indigenous industry a fair scope to progress.

We are not going into details not knowing on what lines information is required by the Board, but submit these instances, so that while the Board has this matter in hand, the anomalies at present existing may be removed.

### **Wool Textile Delegation and the Huddersfield Chamber of Commerce in Great Britain.**

*Letter No. 60/A/35, dated the 4th March, 1935, from H. M. Senior Trade Commissioner in India, Calcutta.*

At the request of the Wool Textile Delegation of the United Kingdom I enclose herewith 8 copies of a Memorandum of Evidence submitted by the Wool Textile Delegation and the Huddersfield Chamber of Commerce, for which I shall be glad to receive an acknowledgment in due course.

This Memorandum is submitted to the Indian Tariff Board by the Wool Textile Delegation and the Huddersfield Chamber of Commerce in Great Britain.

The Wool Textile Delegation is an organisation representing associations of producers of wool textile products from tops and wool wastes upwards to the finished tissues and the associations affiliated to it represent these producers in all parts of Great Britain.

The Huddersfield Chamber of Commerce consists of representatives of the trade and commerce of the Huddersfield district, one of the largest centres of the wool textile trade and industry.

We understand that an application is made for a revision of the tariff on wool textile products and that this application has been referred to your Board for consideration and determination.

We are concerned in the reference because in the first place the Indian market is and has been for a great many years an important and valuable market for our products, and in the second place because the importance of that market to us and of our relation to it has been recognised by a grant of a preferential tariff treatment to our products. According to information in our possession the Indian wool textile industry is not large enough nor varied enough to supply the requirements of India's population and a considerable margin of these requirements must of necessity be satisfied by imported goods. As the position of India improves, as we hope it will continue to do, the needs of the Indian population will increase and after the Indian wool textile industry is fully employed the margin of requirements which must be met by imported supplies will also increase. It is this margin between what the Indian wool textile industry can efficiently and economically produce and the needs of the Indian people which

the preference granted under the Indian tariff is designed to retain for British producers. In this connection we would point out that Great Britain is a large market for Indian produce; in fact it is by far the largest and most valuable of India's markets for her agricultural and other products. India therefore depends on Great Britain for a market for her goods equally as much as Great Britain depends on India for a market for her goods. For example, Great Britain is by far the largest purchaser of India's wool and also of India's exports of carpets and rugs; in recent years Great Britain has purchased two-thirds. This mutual interdependence is recognised by the exchange of preferences; indeed the granting by each country of preferences to the other arose out of the magnitude of the existing trade between the two countries and the desire not only to retain that trade but to increase it to our mutual advantage.

We understand that the principles on which the grant of protection is based in India demand that the duty imposed shall not be more than is strictly necessary. We further understand that, in accordance with this principle, it is increasingly the policy of the Government of India to impose lower duties on British goods than on other goods where the selling price of the British goods is higher than that of the foreign goods, the object being to equate the fair selling prices of foreign, United Kingdom and Indian wool goods on the Indian market.

The selling prices of British wool goods in the Indian market are considerably higher than those of foreign goods, and our representations therefore relate to two separate duties, namely, those required on United Kingdom wool goods and those required on foreign wool goods.

As regards the duties required on United Kingdom goods we maintain that the existing revenue duties of 25 per cent. *ad valorem* on the more important classes of wool goods and 20 per cent. on certain other kinds are already more than sufficient to equate the fair selling prices of the Indian and British goods on the Indian market, and indeed that no protective duties are required by the Indian industry against their United Kingdom competitors.

As regards the duties required on foreign goods we maintain that the difference between the selling prices of British wool goods and foreign wool goods as exemplified by Japanese imports, justifies the recommendation by your Board of differential duties on all kinds of wool tissues and wool yarns, imposed by means of specific duties on foreign goods.

I. *Duties required on United Kingdom wool goods.*—We are not at the moment in a position to equate actual selling prices of comparable Indian and British goods on the Indian market, since there has not been sufficient time available since the announcement of the enquiry to collect really representative samples. In any case we submit that, owing to the infinite varieties of types of wool goods, evidence of actual selling prices should be examined with the greatest circumspection.

In our opinion it follows in any case from the relatively high cost of production of the British industry (particulars of which could be supplied in confidence if necessary) that no protective duty is required by the Indian industry against imports from this country. We understand that the wages paid per unit of time or per unit of output in India are considerably less than the wages paid by us; as wages are more than one-half of the total cost of conversion we feel justified in concluding that the Indian spinner and the manufacturer of wool textile products does not need any protection from us. In addition to their wages advantage, the Indian producers have also the advantage of selling their goods in a domestic market and are therefore able to deliver them at less cost than the British producers can deliver. Packing, carriage, freight and insurance charges at so great a distance assume considerable proportions, and thus enhance considerably the cost of British wool products when sold in Indian markets.

We conclude that no duties should be required by the Indian industry against their United Kingdom competitors in order to equate the fair selling prices of the two products.

II. *Duties required on foreign wool goods.*—As regards the foreign imports the British industry is entirely at one with the Indian industry in regarding the growth of Japanese imports with great alarm. Owing to the relatively low cost of production in Japan the industry in that country is able to put goods on the market at prices as much as 40 per cent. below the prices of similar British and Indian goods and if the Indian and British industries are to have a fair chance of meeting this menace to their present and future trade, it is essential in our view that duties which will really equalise the selling price of Japanese goods with those of Indian and British goods should be imposed.

*Wool Yarns.*—India is an increasing consumer of wool yarns and in addition to her own production has imported nearly two million lbs. of yarn per annum. We are not in possession of information showing the sources of these imported supplies since the Indian year ending March, 1933, but certain additional information leads us to inferences which we set out below.

The broad facts regarding India's yarn imports are as follows:—

Year.	Total Imports.	Imported from Great Britain.	Percentage of total Imports.
	Million lbs.	Million lbs.	
1928-29 . . . . .	1·080	·494	45·7
1929-30 . . . . .	1·084	·488	45·0
1930-31 . . . . .	1·107	·353	31·9
1931-32 . . . . .	1·306	·351	26·9
1932-33 . . . . .	1·908	·505	26·5
1933-34 . . . . .	1·697		
8 months ending November—		Not yet known.	
1933 . . . . .	1·450		
1934 . . . . .	2·494		

If the total Indian imports of yarn for the year 1934-35 continue in excess of those of 1933-34 at the same ratio as the imports for the first eight months of 1934-35 exceed those of the first eight months of 1933-34, the total import in that fiscal year will be approximately 2·9 million lbs. which is far and away the highest amount in India's history.

Details are not yet published which show the sources of these imports since the year ending March, 1933. We know, however, that the British share of India's yarn imports has fallen from nearly 46 per cent. in 1928-29 to 26·5 per cent. in 1932-33. The experience of British exporters of wool yarns to India is that no appreciable increase has taken place since the latter year and as the total imports have increased they infer that some competitor is obtaining a considerably enlarged share of the Indian imported yarn market.

An analysis of the average price per lb. at which yarns are imported leads to the further inference that the share of the imports from the cheapest supplier has considerably increased. This inference is based on the following facts:—

The average prices per lb. of imported yarns have been:

	Weaving.	Knitting.	All combined.
	Rs.	Rs.	Rs.
1932-33 . . . . .	1·66	1·82	1·72
1933-34 . . . . .	1·37	1·66	1·51
1934-35 (8 months) . . . . .	1·86	1·75	1·80

being a reduction of 4 per cent. in the case of knitting yarns and an increase of 12 per cent. in the case of weaving yarns.

During the same period the average market prices of yarns of standard description have risen by about 32 per cent.



In order that the yarns imported in 1934 should be respectively cheaper than, or even only 12 per cent. more than those imported in 1932-33 (despite an increase in market prices), India must have increased her imports from a very cheap source and, therefore,

(a) the British share must have declined, and

(b) the share of the cheapest producer must have increased.

These facts, coupled with the experience of British exporters of yarns to India, give substance to an assertion (which can only be proved when the full statistics of India's overseas trade for 1934-35 are available) that Japan has become a now and formidable competitor in the Indian wool yarn market.

The existing general duty on wool yarns is 30 per cent. *ad valorem* and the British preferential duty is 20 per cent. The figures shown above prove that this margin has not been sufficient to allow Great Britain to retain her former share of the market and therefore that the differential between 20 per cent. and 30 per cent. has been too small. The appearance of a new and cheaper competitor makes the difference still more inadequate.

We submit that the Indian spinner requires no protection from the British spinner and the 20 per cent. *ad valorem* duty paid on British yarns is a revenue duty. We ask, therefore, that if an increase is made in the general tariff rate no increase shall be made in the British preferential rate, or, if a decrease is made in the general tariff rate, the margin of British preference shall be widened, or at least shall not be less than now exists. If, on the other hand, a system of quotas is decided upon, we ask that the system shall not apply to yarns imported from Great Britain.

*Shawls.*—India's imports of shawls has declined during the past six years but it is still a valuable part of her trade.

The broad facts of her imports are shown in the following table:—

*India's shawl imports in thousands of shawls.*

Year.	Total.	From Great Britain.	From other countries (except Japan).	From Japan.	All other countries.
1928-29 . .	936.6	110.9	814.7	11.0	825.7
1929-30 . .	658.3	73.1	585.1	.1	586.2
1930-31 . .	392.4	14.1	378.3	..	378.3
1931-32 . .	162.9	2.5	158.9	2.5	161.4
1932-33 . .	328.3	10.9	259.1	58.3	317.4
1933-34 . .	331.6	8.9	Not yet known.		322.7
8 months ended—					
Nov., 1933 . .	288.8	8.8			280.0
Nov., 1934 . .	260.9	1.5			260.7

We do not know the proportion sent by Japan in the year 1933-34 nor in the eight months ending November, 1934, but the Indian trade and Navigation Accounts show that in the latter period the imports from Germany have decreased from 156.2 thousand shawls to 107.0 thousand

shawls, or by 31 per cent.; that those from Great Britain have decreased by 83 per cent., while the imports from "other countries" have increased by 23 per cent. As the chief "other country" from which shawls were imported in 1932-33 was Japan, we can only infer that her increase of proportion has continued and that she is now the predominant source of India's imported shawls.

We request that if any change in the duties relating to shawls is made, they shall be subject to the same duties as ordinary fabrics and the principle of an alternative specific duty shall be applied to shawls imported under the General Tariff, thus widening the preference on these commodities. We also request that if a system of quotas is decided upon the system shall not apply to shawls imported from Great Britain.

*Blankets and Rugs.*—India's imports of Blankets and Rugs have for many years been considerable, but comparatively few of these have been imported from Great Britain. Until 1932-33 the blanket imports from Japan were infinitesimal but in that year they appeared on a larger scale. We are unfortunately not in possession of detailed statistics for the year 1933-34 nor the first part of the year 1934-35, but we do know that an extraordinary and, to us, alarming change has taken place. The total imports in million lbs. weight have been:—

Million lbs.		Million lbs.	
1928-29	5.47	1932-33	4.18
1929-30	4.83	1933-34	5.12
1930-31	3.69	8 mths. to Nov., 1933	4.24
1931-32	2.41	8 mths. to Nov., 1934	6.16

If the imports of the year 1934-35 continue to exceed those of 1933-34 in the same proportion as those of the first eight months of the year exceeded those of the first eight months of the last year they will reach 7.4 million lbs. This represents a larger total than ever reached before.

Great Britain apparently has found no share in this increase and a study of the average import prices suggests that a new and very cheap-selling competitor has entered the market. In short, the figures suggest that Japan is flooding the market with cheap goods.

The Import duties on blankets and rugs are 25 per cent. *ad valorem* regardless of the source. There is no British preference rate.

British manufacturers are fully equipped for the production of blankets and rugs of the type and quality required by the Indian market as well as of those of the finer qualities to which her exports to India are now mainly confined. For the past nine years they have been unable to sell such blankets and rugs in the Indian market because of the low price at which they can be produced by foreign producers and the position is made worse by recent developments.

We ask that a preferential rate shall be granted to British blankets and rugs and that they shall be placed in a position not less favourable than ordinary wool fabrics are placed in. Such a course will help to ensure to British manufacturers a fair and reasonable share of the market which remains to be supplied after the output of the Indian woollen mills, which make blankets and rugs, has been absorbed. We also ask that if a system of quotas is decided upon the system shall not apply to Blankets and Rugs imported from Great Britain.

*Piece-goods.*—A tabulation of the imports of piece-goods over a period of nine years reveals that as compared with seven years ago, imports of piece-goods have declined. This is significant of the world depression but a striking feature is the great change in the source of India's imports.

For the purpose of comparison and in order to obtain a properly proportionate value of what is now happening it has been assumed that the rate of import for the year ending March, 1935, will continue to bear the same

relation to the imports of 1933-34 as the imports for the eight months ending November, 1934, bear to those of the eight months ending November, 1933. The record then is as follows:—

*Imports of Piece-goods (in million yards).*

Year.	Total.	From Great Britain.		From Japan.		From other countries.	
		Million yds.	%	Million yds.	%	Million yds.	%
1927-28 . .	18.78	7.13	38.0	1.41	7.5	10.24	54.5
1928-29 . .	15.99	5.47	34.2	.33	2.1	10.19	63.7
1929-30 . .	12.56	3.73	29.7	.71	5.7	8.12	65.6
1930-31 . .	7.72	2.04	26.4	.57	7.4	5.11	66.2
1931-32 . .	5.52	1.31	23.7	.12	2.2	4.09	74.1
1932-33 . .	13.95	2.80	20.1	1.41	10.1	9.74	69.8
1933-34 . .	11.54	3.18	27.6	2.09	18.1	6.27	54.3
8 months ended							
Nov., 1933 .	10.60	2.63	25.3	1.91	18.0	6.01	56.7
Nov., 1934 .	11.96	3.50	29.2	6.21	51.9	2.25	18.8
(Forecast) 1934-35 . .	13.02	3.80	29.2	6.76	51.9	2.45	18.8

This Table speaks for itself. Until 1932-33 the British share in the Indian import of piece-goods fell continuously; the share of Japan fluctuated but tended on the whole to increase; and the share of other countries (almost entirely European) increased. The introduction of a British preference in January, 1933, gave Great Britain an advantage by means of which she was able to increase her share in the market and the adoption of an alternative specific duty in December, 1933, conferred an additional advantage, but these advantages have not been sufficient to prevent the flooding of the market by Japanese goods. So far this year Japan has obtained over 50 per cent. of the trade and as her proportion has been growing steadily for two years it is probable that, unless a change is made, her proportion will by the end of the year exceed the 52.9 per cent. which she obtained in the first eight months.

It is true that the Table given in the foregoing paragraph does not show that up to November Japan has taken any British trade away, but recent experience of British exporters to India is that she is now doing so, and that the import statistics for later months as they become available will reflect this new and increasing danger.

We cannot but regard this position as a serious menace to British producers of wool textiles particularly when we have regard to the well-attested fact that whereas in former years Japan exported to India only her own peculiar type of product she is now imitating an ever-widening range of cloths.

The provisions of the Tariff relating to piece-goods are:—

	Standard Rate.	United Kingdom Rate.
Woollen carpets, floor rugs, shawls and other manufac- tures of wool not other- wise specified, including felt . . . <i>ad valorem</i>	35%	25%
Woollen fabrics, not other- wise specified, containing more than 90 per cent. of wool, excluding felt and fabrics made of shoddy or waste wool . . . <i>ad valorem</i>	35%	25%
	or per lb. Re. 1-2	...

We ask that this section of the tariff shall be amended so as to provide that the alternative specific duty shall apply to all piece-goods if ordinarily known as woollen or worsted, regardless of whether they are made from virgin wool or from wool wastes, shoddy and wool reclaimed from rags, providing wool in any form is dominant by weight and also including woollens and worsteds or fabrics of wool, containing 10 per cent. of silk or 10 per cent. of artificial silk by weight providing the wool in any form is dominant by weight. By this means the enhanced preference now granted on the higher priced wool fabrics will be extended to cover the cheaper fabrics.

We further ask that if any changes in the Tariff rates are made such changes shall result in the grant of additional effective preference to British goods, and also that if a system of quotas is decided upon the system shall not apply to piece-goods imported from Great Britain.

We summarise our requests as follows:—

**Yarns.**—That if an increase is made in the General Tariff rate on wool yarns no increase shall be made in the British preferential rate, or if a decrease is made in the General Tariff rate the margin of British preference shall be widened or at least shall not be less than now exists.

**Shawls.**—We ask that they shall be subject to the same duties as ordinary fabrics and the principle of an alternative specific duty shall be applied to shawls imported under the General Tariff, thus widening the preference on these commodities.

**Blankets and Rugs.**—We ask that a preferential rate shall be granted to British blankets and rugs and that they shall be placed in a position not less favourable than ordinary wool fabrics are placed in.

**Piece-goods.**—We ask that the principle of the alternative *ad valorem* or specific duty (whichever is the higher) shall be applied to all piece-goods if ordinarily known as woollen or worsted, regardless of whether made from virgin wool or wool wastes and wool reclaimed from rags, and also including such goods if containing not more than 10 per cent. of silk or artificial silk and that if an increase is made in the General Tariff rate no increase shall be made in the British preferential rate and if a decrease is made in General Tariff rate the margin of British preference shall be widened, or at least shall not be less than now exists.

We further ask that if in the case of any of the foregoing products a system of quotas is decided upon, such system shall not apply to goods imported from Great Britain.

In conclusion we would state that if the Tariff Board desires any further information or assistance which it is within our power to give we willingly place our services at its disposal.

## Bradford Chamber of Commerce, Bradford.

*Letter dated the 7th March, 1935.*

On behalf of the Bradford Chamber of Commerce, I enclose herewith a complementary Statement to the case submitted to your Board by the Wool Textile Delegation and the Huddersfield Chamber of Commerce.

Enclosure.

### COMPLEMENTARY STATEMENT BY THE BRADFORD CHAMBER OF COMMERCE TO THE CHAIRMAN AND MEMBERS OF THE INDIAN TARIFF BOARD.

I. The Bradford Chamber of Commerce represents both producers and distributors in the largest centre of the wool textile industry in Great Britain, and many of the members have had long and intimate knowledge of the requirements of the Indian Market.

II. The members of this Chamber are conscious of the fact that the primary purpose of the present enquiry is to ascertain the impact of foreign competition upon the Indian producer of wool textiles in his domestic market. They also recognise that the Indian producer has first claim on the requirements of that market.

III. They are anxious, therefore, to express their appreciation of the privilege of stating their views to the Board upon the manner in which British and Indian interests may co-operate to conserve a textile market that is of substantial value to both countries.

IV. The main facts about imports of wool-textile goods into India have already been recited in the preceding memorandum submitted by the Wool Textile Delegation and the Huddersfield Chamber of Commerce. We wish to emphasise our view that many of the goods supplied to the Indian market from the United Kingdom are not highly competitive with the produce of Indian Mills. It is our purpose, therefore, to join hands with Indian manufacturers and traders in protecting our mutual business against foreign competition.

We are chiefly concerned with the precipitous decline in the volume of our exports of wool textiles to India in comparison with the pre-War period. It is significant that this decline is much more marked than in the case of similar British exports to foreign markets over the same period.

V. This Chamber endorses the view of their colleagues in the Wool Textile Delegation that the existing duties provide an ample safeguard of Indian interests against such wool textile products of the United Kingdom as do compete with home manufactured goods, and the restatement of this point may be taken as a mark of our desire not to seek special privileges in the Indian market, but to accept such rulings as will make for equal competition between all suppliers of Wool Textiles to the Indian Market.

VI. As we see the problem it is that of preserving and developing domestic industry and an established market against the fortuitous attacks of countries whose currency depreciation has induced a substantial diversion of trade in the Far East. As Japan has taken the lead in this redirection of trade, we must, of necessity, concentrate attention upon the effects of her policy.

VII. It is agreed that Japan's progress in the Indian market has gone hand in hand with the depreciation of her currency. Indian and British traders alike have proved unable to meet this new and powerful form of competition. This Chamber feels therefore that collaboration between India and Great Britain is the only proper solution of the problem.

VIII. Our colleagues in the Wool Textile Delegation rely upon the adjustment of tariffs against foreign goods to give effect to this collaboration and so to equalise competition in the Indian market. But we realise that the Indian producers may be anxious to secure a more instant and certain

limitation of the competition induced by currency depreciation and exceptionally low production costs and that they may demand the use of quotas or some effective combination of tariffs and quotas. If the Board should favour such remedies, we should be glad to offer the assurance of our support for the policy.

In offering support for the policy of quotas this Chamber does not wish to create the impression that in its opinion quotas provide a permanent solution. It feels, however, that in the exceptional circumstances now existing in the Indian market there is no practicable alternative method.

IX. This Chamber recognises that the textile manufacturer in the United Kingdom can lay no claim to a larger proportion of the Indian trade than he can win in fair competition with producers. It feels, however, that events have jeopardised the business of both Indian and British producers and that the common interest of confronting a mutual danger impels the desire to take common action to retrieve damaged fortunes.

X. We remember with gratitude that the exchange of general merchandise between our countries now reaches over £90,000,000 per annum, and we are anxious to do all in our power to develop that trade, and to protect it by close co-operation against the inroads of uneconomic competition.

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### **Messrs. Bettmann and Kupper, Bombay.**

*Letter dated the 2nd April, 1935.*

From publication in the press we learn that various parties interested have proposed a big increase in Customs Duty for Woollen piecegoods. From these publications we also see that apparently no provision has been made for Artificial Silk Embroidered Woollen piecegoods. As Importers of these articles, we wish to draw your special attention to this line. India is importing and consuming a considerable quantity of so-called *Artificial Silk Embroidered Merino Cloth* as well as *Artificial Silk Embroidered Merino Shawls* and *Artificial Silk Embroidered Merino Saris*. We enclose a few small samples to illustrate the article. Neither of these articles is manufactured in British India but they are imported from various countries such as Switzerland, Austria, Germany, and so on. It would be detrimental to the Importers of these goods if the import duty would be raised and Indian industries would not benefit by such an increase of duty. We therefore wish to suggest that if an increase of duty is proposed at all for Woollen goods, special provision will be made in a future Customs Tariff for these *Artificial Silk Embroidered Wool* goods. We draw your attention to the fact that at the time when protection for Cotton Piecegoods was recommended and eventually given, Artificial Silk Embroidered Cotton goods were also newly classified in the Indian Custom Tariff under Serial No. 120d, No. 158J in the Statutory Schedule item 48 (9) of the Indian Customs Tariff, 11th issue.

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### **Bengal Belting Works, Ltd., Calcutta.**

*Letter No. H/880, dated the 22nd March, 1935.*

We understand that evidence is being taken by the Tariff Board with a view to introduce protective duties against imported woollen yarns.

We are ourselves large consumers of woollen yarns required in the manufacture of Belts. Our yearly consumption exceeds 300,000 lbs. We mostly consume indigenous yarn whose price is controlled by the competition of foreign woollen yarn.

Now, if there is any proposal of putting a fresh duty on imported yarn, naturally the price of yarn will rise and in such cases it would be necessary for the best interest of our industry that foreign belt made out of

foreign yarn should pay an enhanced duty similar to those against imported yarn; as otherwise foreign belts manufactured out of foreign yarns would become much cheaper and thus avoid the duty which we shall have to pay by using these yarns.

We ourselves don't object to any protection being given to indigenous yarns, but to save our industry, it is necessary that foreign belts should also be taxed so that there might be a fair and impartial treatment in both cases.

We would therefore, request you to place this matter before the Board and if you should consider our evidence of any use, we are prepared to go to Bombay and give evidence before the Tariff Board.

### **The Hosiery Manufacturers' Association, Bengal, Calcutta.**

#### *(1) Letter dated the 17th November, 1934.*

I am directed to bring to your notice that in Bengal as in other parts of India Woollen Hosiery is manufactured in considerable quantities. During the early stages the manufacture was confined to socks and stockings only. But gradually it grew into varieties until at the present moment all the important varieties are manufactured, for which special machines have been installed. Main varieties are—socks, hose, vests, sweaters, pullovers, slip-overs, coats, combinations, mufflers and caps on plain fabrics as well as those with designs.

It might be noted here that the woollen industry has a good future in Bengal. Huge quantities of woollen hosiery are imported from abroad as well as from other parts of India during winter. On the manufacturing side again, raw material is available in abundant quantities both Indian and imported. Power and labour are quite suitable for the growth of the industry.

But with all the necessary equipments and natural advantages the industry could not make much headway owing to severe competition with imported goods specially those from Japan. The severity of the competition has been aggravated during last few years owing to the depreciation of the Yen and the increased duties on various imported articles used in the manufacture of woollen hosiery. Comparing the c.i.f. prices of Japanese goods the fair selling price of Indian products would be found to be 50 per cent. to 100 per cent. higher on different varieties.

This has caused great hardship to the local manufacturers who have incurred heavy losses. Unless adequate protection is granted before long the industry will be ruined.

My committee would prepare and submit a detailed statement after the receipt of the copy of the questionnaire from your office as stated in your letter No. 396 of the 9th November, 1934.

#### *(2) Letter No. W. T. 4, dated the 5th March, 1935, from the Hosiery Manufacturers' Association, Bengal.*

In continuation of my letter No. W. T. 3 of 2nd instant, I have the honour to enclose herewith seven copies of written representation, as stated below, that sets forth the views of my committee on the present condition of the woollen hosiery industry in India particularly in Bengal, and on the nature and extent of assistance it requires from the Government.

**Cottage Factories.**—Manufacturing of woollen hosiery started in Bengal in 1908 when cottage factories consisting of hand machines came into being. Their manufactures were confined to socks and stockings only. They have maintained their existence upto now through many adversities and are showing signs of improvements in that they are manufacturing varieties. In Bengal the cottage industry consists of about 100 factories. Woollen

hosiery is manufactured during 4 months in the Winter season the rest of the year being devoted to cotton. Though cotton manufacture takes the major portion of their time in the year, the manufacturers look forward to the Winter market for their season. Indeed the winter market affords them with an opportunity to use their skill and utilise their capacity in manufacturing varieties of goods. The woollen market is considered so important that some manufacturers try to produce the woollen goods throughout the year, while some others, who cannot afford to make them throughout the year, close their factory during summer months.

*Power Factories.*—Manufacture of woollen knitted goods by power factories started only 5 or 6 years back. Most of these factories were old, and have been manufacturing only cotton goods before they started woollen departments by erecting special machines for manufacturing woollen goods. The manufacturing of woollen line has got some difficulties.

(a) The most important among these is the shortness of the period of demand for these goods in the Bengal market. There is a brisk sale only for 2 months in the year, viz., from the middle of October to the middle of December. So either the manufacturers have got to work throughout the year and hold the stock for the rest of the year, incurring interest and other charges and involving risks of damage, depreciation in price, designs going out of date, etc., or, to stop the manufacture of woollen goods and keep the costly machines idle, which entails the discharge of trained operators and a break in the continuity of the work with all its resultant disadvantages.

(b) There is no local market for woollen yarns. Every manufacturer has got to make his own arrangement for getting his supply of yarns from Indian Mills and more often from foreign countries. Some of the factories get their supplies locally at a little higher rate from dealers who appear during the winter season.

(c) The knitting machines for making woollen goods are generally costly. The prices range from Rs. 3,000 to Rs. 8,000 for each knitting frame. Sometimes they are very complicated requiring technical men to maintain and operate them. A good selection of suitable yarns is always an important factor in the success of the manufacturing process. Softness and uniformity in diameter are essential features in a knitting yarn. Tastes for styles and designs are changing every year and the success of the knitter depends on his capacity for adaptability to changes. Machines also are improving continually and one's failure to take advantages of the latest improvements would be a serious handicap in the progress of his business.

In spite of the difficulties as stated above, it must be said to the credit of the Bengal Manufacturers, that in order to keep themselves abreast of the foreign manufacturers they are striving their best to equip their factories with latest machines and plants. Though the woollen departments are yet in their infancy the Bengal factories possess all the latest types of knitting machines known in the industry. Flat beds of all types (from plain to the latest improved type known as 8 lock machines) circular frames (plain, with pattern wheels or with hand control for fancy stitches known as Drum Jacquards) and warp looms of different types are to be found in different factories in Bengal.

Besides the knitting machines these factories have got winding, warping, web rolling, steam calendering, raising, dyeing and bleaching and hydro extracting machines with a sewing department consisting of various types of special sewing machines.

There are about six power driven factories which are equipped with plants and machinery as described above.

There are about ten power driven factories where woollen goods are manufactured for some months in the year in the same machines in which cotton goods are made.

The principal classes of goods, that are manufactured in Bengal factories are (a) socks and stockings, fancy top cycle hose, mufflers, etc. (mainly



manufactured by cottage factories), (b) vests made from light plain woollen fabrics, mufflers, scarves, etc. (these are manufactured in power driven factories only and generally made from the same knitting machines which are used for making cotton fabrics), (c) heavy woollen vests, mufflers, scarves, shawls, caps, etc., on plain, ribbed and jacquard fabrics with fancy tuck stitches and various coloured designs.

It has been estimated that the annual capacity of the factories in Bengal working double shift would be about 200,000 lbs. (2 lacs pounds) in weight.

But there are few factories which can work their full capacities owing to outside competition as will be described later on.

It should be noted here that although the Calcutta market is very short in duration with regard to the demand for woollen goods it is considered as one of the most important markets in India from the point of view of volume of trade. Calcutta port serves as the distributing centre of a large area for imported goods, viz., the whole of Northern India comprising Bengal, Assam, Behar and Orissa, United Provinces, Central Provinces and Punjab. A reference may be made to Appendix A where comparative figures of imports of woollen hosiery into different provinces have been shown.

*Foreign competition.*—Bulk of the imports of woollen hosiery used to come from United Kingdom. Qualities were fascinating and prices were high. Indian manufacturers learned their trade from British imports and factories were built after British model. They ruled the Indian import trade for a considerable time. Of the other European countries who had their share in the import trade were Germany and France though their value was much less than that of the British. But the conditions of import trade have suffered a great change since Japan appeared in the field. Japanese imports of woollen hosiery is a recent feature and yet by the long strides they have made, the German and French imports have been killed, the British imports have dwindled considerably and the Indian Industries have experienced a serious set back. An examination of the import figures as given in Appendix A would at once show how Japanese imports in the year 1932-33 have increased by nearly 4 times that of the previous year and those of the succeeding year have doubled. In 1933-34 the Japanese imports reached the value of the English imports, but in quantity exceeded by 50 per cent. If immediate action is not taken to check the growth, it will not only oust the British imports but will kill the Indian industry. All this has been achieved through inconceivably cheap prices.

By examining the c.i.f. value of specific cases of Japanese woollen hosiery in relation to their weight it has been found that goods such as socks and stockings, mufflers, shawls, where very little or no tailoring is required for their make up, the c.i.f. price is about Rs. 2 per lb. whereas in cases of plain vests, cardigans, pullovers or coats where tailoring is extensively required it is about Rs. 3 per lb. In case of British and other imports it is about Rs. 3-8 and Rs. 4-8, respectively whereas in case of Indian made goods the bare cost of manufacture is Rs. 4 and Rs. 6, respectively.

The following table showing the c.i.f. value in Rupees per pound has been found by dividing values by quantities in Appendix A:—

—	1929-30.	1930-31.	1931-32.	1932-33.	1933-34.
	Rs. per lb.	Rs. per lb.	Rs. per lb.	Rs. per lb.	Rs. per lb.
United Kingdom . . . .	4-9	4-5	4-4	4-2	4-2
Japan . . . . .	3-4	1-8	3-2	1-3	2-4
Germany . . . . .	5	4-2	3-6	3-6	4-5
France . . . . .	5-3	5-9	6-3	8	5

Though the above figures, thus derived, do not show any quality to quality comparison, yet they clearly indicate how the present anomalous position in the import trade has been brought about. In the absence of a classified list of imports these figures along with those of specific cases prove conclusively how the Japanese imports are ruinous to the Indian industries as well as to the properly organised import trade from other countries.

Again in the beginning of this year quotations of hosiery yarn from Japan show a fall by 25 per cent.:—

1934, count 2/32s at Yen 2.38.

1935, count 2/32s at Yen 1.80 (cheaper by 25 per cent.).

1934, count 2/48s at Yen 2.40.

1935, count 2/48s at Yen 1.90 (cheaper by 25 per cent.).

We understand the prices of Japanese finished goods also have come down considerably but we have no documents to prove it.

It is not known if costs of European manufactures have come down to that extent in the meanwhile.

Surely the cost of Indian manufactures will be reduced to the extent of the reduced cost of yarn, if Japanese wool is used, other charges remaining the same. But if the price of Japanese finished articles goes lower than is justified by the reduction in yarn price, as is reported, then this will prove to be an additional source of trouble to the industry.

It is true that the British and most of the Indian manufactures are noted for their quality. But their popularity does not stand in good stead in the face of such astounding difference in prices.

(a) *Indirect competition.*—In comparing the Japanese goods with Indian it will be found that the competition lies not only between equal qualities but more often, between unequal qualities.

(i) Pure woollen quality of Japanese goods of given weight would compete with Indian products of heavier weight having same designs and with equal or often better finish.

(ii) Japanese mixtures with similar designs and finish compete with Indian woollen goods. It is difficult for the ordinary consumers to distinguish between the qualities of the two.

(iii) Some classes of Japanese vests made of pure cotton such as fleecy backed vests, and coats, pullovers, etc., made from jacquard fabrics compete with Indian woollen goods. These classes of cotton goods were not included in the protected list of cotton hosiery with the result that they are charged with the revenue duty only. It is not necessary to go into details as to why these were excluded. Suffice it to say that Indian hosiery industry consists of numerous small factories spreading over a large area of India. As such they are not organised and do not know their actual position in relation to Indian or foreign manufacturers of the same trade. During tariff enquiries proper representations are not made and their cases suffer through default. Such was the case with the manufacturers of cotton pullovers and coats. There are some factories in Punjab and Ahmedabad where cotton goods of this description are made in considerable quantities but no representation seems to have been made.

Now with a lower tariff they not only compete with heavier qualities of Indian cotton vests but also with woollen hosiery. For during the present financial stringency people are naturally induced to buy heavier cotton goods in preference to woollen if the difference in price is unusually great.

So if such cotton goods are charged with the protective duty of 12 annas per pound along with other cotton vests the woollen industry will be assisted bothways. In the first place, the difference in price between Japanese cotton pullovers and Indian pullovers being reduced, people will be induced to buy more of Indian woollen products. In the second place Indian manufacturers will find it worthwhile to make cotton goods during summer

months rather than keeping their machines idle for six or more months in the year. For cotton and woollen jacquard fabrics are made from the same machine.

(b) *Method of sale.*—Import and distribution of Japanese knitted goods are controlled by some big importers who handle both cotton and woollen hosiery. They have got their establishments at one or the other of the big Indian ports. Their method of sale is by credit. Inordinately cheap price at which these importers can buy Japanese goods enables them to sell their goods on credit for a long period. By this long credit system they have established quite a network of relations with dealers throughout the length and breadth of the country. They naturally exert great influence over the market through these dealers. Armed with this influence along with numerous cheap varieties of Japanese goods, they shut out the Indian products from the market.

*Internal competition.*—It is very unfortunate that no statistical publication giving a complete list of hosiery factories in India is available. It is believed that the number of these factories including the smaller ones is somewhere about 1,000.

It is not known how many of these are engaged in manufacturing woollen hosiery. So far as we know the most important centre for woollen hosiery is Punjab and North-West Frontier Provinces. Climatic conditions in these provinces have favoured the growth of woollen industry considerably. The Government Hosiery Institute in Punjab had also a good deal to do with the development of the industry. It not only imparted technical education to the people of the province but also helped the industry financially. Some of the places where the industry is understood to be well-advanced are Delhi, Amritsar, Lahore, Ludhiana, Jalandhar, Dhariwal, Ferozepur, Khanna, Peshawar and Rawalpindi. Even Hosiery machines are manufactured at some places. Some such machines have been erected in some Bengal factories where they are being successfully worked. From an examination of the Punjab woollen hosiery during their influx into the Calcutta market in the winter it appears that the industry is advancing in many respects. But the price at which they are ultimately sold in the Calcutta market, being in clash with the imported Japanese goods affect the price level of the Bengal Products.

Other places, where woollen hosiery is manufactured in considerable quantities, are Cawnpur, Ahmedabad, Bombay, Karachi, Madras and Rangoon.

*Recruitment of labour.*—Labour employed in Bengal hosiery factories belongs mostly to middle class people. They are literate in the sense that they can read and write and are intelligent enough to learn any work in the hosiery factories in a reasonable time. In factories where cotton vests are made, sufficiently well trained local labour is available. They get their practical training in the local factories. But the want of an institute for giving technical education on hosiery is long felt. The Director of Industries, under Bengal Government had prepared a scheme for a technical institute in consultation with the local manufacture some six or seven years back. But it is understood it could not be started owing to financial grounds. Very recently, Bengal Government is understood to have decided to start a hosiery institute at Calcutta, and a scheme has been forwarded by the Director of Industries to this Association for their opinion, which is under consideration of the committee of the Association at the present moment.

Some manufacturers in Bengal got some trained hands from Punjab when they started woollen departments in their factories.

*Efficiency of labour.*—Owing to the brief period of demand for woollen goods as explained above the manufacturers find it extremely difficult to get their machines engaged throughout the year. They are compelled to discharge men during the idle period. It is obvious that unless an operative is engaged continuously on a particular work he cannot acquire that amount of skill which is necessary for efficient work in a factory. By continuous

application he will get certain amount of speed and accuracy in work which can be compared with a standard known as efficiency standard. Efficiency standards cannot be attained by workers in these factories unless the manufacturers are in a position to run their factory in full swing throughout the year. This will be possible if they manufacture cotton coats and pullovers during slack periods.

*Manufacturing costs.*—Detailed statements of manufacturing costs from two power factories have been sent to you which will give you a fair idea of the working costs of Bengal factories.

Detailed manufacturing cost of woollen socks made in hand machines is given below, which may be taken as representing the cost of a typical quality produced by Bengal cottage factories.

	Rs. A. P.
1 lb. 2/32s Merino quality dyed wool including wastage (purchased from local dealers) . . . . .	2 8 0
Knitting labour . . . . .	0 10 0
Ironing . . . . .	0 2 0
Cutting and clearing selvages and toe joining . . . . .	0 1 0
Needles . . . . .	0 1 0
Repair and Renewals . . . . .	0 0 6
Fuel and contingency . . . . .	0 1 0
Box, label, etc. . . . .	0 1 0
Rent, supervision, etc. . . . .	0 4 0
Selling expenses . . . . .	0 2 0
Depreciation . . . . .	0 1 0
Interest . . . . .	0 0 6
	<hr/>
	4 0 0

*Measure of protection.*—It has been shown above that the c.i.f. price per lb. of finished weight of Japanese woollen hosiery is:—

Socks, etc., Rs. 2.

Cardigans, etc., Rs. 3.

that of British—

Socks, etc., Rs. 3-8.

Cardigans, etc., Rs. 4-8.

and that the cost of Indian manufactures per lb. of finished weight is:—

Socks, etc., Rs. 4.

Cardigans, etc., Rs. 6 and above.

The figures given above, have been based on the average of some samples examined and the two heads into which they have been divided would help us to understand the case more clearly. But if we examine a great range of samples we would find that the articles might be divided into many heads with different values. But for the purposes of tariff it is necessary that a common rate of duty should be adopted so that administrative difficulties may not arise. Besides in the absence of classified lists of imports it is not known what quantities of each class of articles are imported.

We therefore suggest that the following rates of duties be recommended:—

Standard rate of duty on knitted goods of all descriptions whether made of pure wool or mixtures Rs. 2-8 per pound or 50 per cent. *ad valorem* whichever is higher. Preferential rate of duty for British imports 35 per cent. *ad valorem* duty.

Standard rate of duty on cotton knitted outer garments 12 annas per pound or 50 per cent. *ad valorem*, whichever is higher.

*Protection on Indian Woollen Yarn.*—It is not known if the Indian spinners of woollen yarn are claiming any protection. From the difference in price between Indian and imported yarns it is evident that they cannot compete. If a heavy protective duty is levied on imported yarn the hosiery industry would be put to great hardship. But in view of the fact that the ultimate development and growth of the industry depends on an abundant supply of good yarn by Indian Mills we suggest that a sliding scale of duty or some scheme of progressive restriction of imports be recommended so that the protection may be effective as well as the burden on the subsidiary industries may be spread over a number of years.

*Effect of proposed duties.*—Though the proposed duties appear rather high, they are justified by the fact that the quantity and value of imports are not yet sufficiently high. In the year 1933-34 the total quantity of imports was only 281,137 lbs. and its value below Rupees nine lacs, which is the highest of the last three years. Imports from Japan again is only Rs. 4,10,310 which is by far the highest of all the previous years (Appendix A). The present Indian output according to any modest estimate, would be many times over the total imports. So the restrictive effect of the proposed duties is not likely to disturb or dislocate the market appreciably.

On the other hand the menacing proportions, with which the Japanese imports are expanding, would ruin the growing Indian Industry, if such imports are not checked in proper time. In course of five years, from the year 1929-30 to 1933-34 the Japanese imports have grown from little over Rs. 28,000 to over Rs. 4,10,000. In nine months of 1934 (April to December) the total imports reached the value of Rs. 11,37,703 (Appendix B).

It is evident from above that the successive increases in duties since 1931 had no protective effect on Indian Industries but served the only purpose for which they were levied, viz., yielding revenue. The average import prices were not increased and the volume of trade multiplied year after year.

*Burden on consumers.*—It would appear at first sight that the additional burden on consumers would be determined by the result of deduction of the existing duty from the proposed duty, viz. (Rs. 2-8—Re. 1-2), Re. 1-6 per lb. This would have been the case if there were no industry in India. But there are some centres in India where the industry has sufficiently developed and that the increased price of imported goods would only give place to local goods which would then be available at cheaper price than their existing prices. As the increased output of local factories would considerably reduce their cost. The internal competition is a very potent factor in keeping down the price level. Besides, much of the advantage of cheapness of the imported goods is absorbed by the middlemen, as the goods have often to travel hundreds of miles from ports to the interior before they reach the consumers. Whereas the Indian industries have grown in the consuming centres. So that once the baneful influence of Japanese goods are removed or checked the Indian goods will be sold at reasonable prices.

Once the magic touch of protection is experienced by an industry it undergoes a transformation that goes beyond all calculations.

An instance to the point is the cotton hosiery industry. Barely one year has elapsed since the protection was granted. The result has been marvellous. The output has increased by three times. The prices have gone down by six annas per dozen than the level which, it was the intention of the protection to raise by eight annas. This is due partly to reduced cost of production as a result of increased output following an extended market and partly by internal competition.

In case of woollen hosiery also, if protection is granted, the additional burden whatever it may be will not be felt and that the price of Indian products would come down considerably in four or five years, but to be on the safe side the protective period should be fixed for 10 years.

So the internal competition amongst the Indian factories is a sufficient safeguard for consumers' interests.

## APPENDIX A.

*Imports of Woollen Hosiery into British India.*

	Quantity in lbs.					Value in Rupees.				
	1929-30.	1930-31.	1931-32.	1932-33.	1933-34.	1929-30.	1930-31.	1931-32.	1932-33.	1933-34.
Total Imports . . .	409,575	230,837	157,387	265,835	281,136	20,04,313	9,72,448	6,69,114	6,92,501	8,82,362
United Kingdom . . .	338,301	170,154	134,686	107,179	108,856	16,61,551	7,76,646	5,57,810	4,57,647	4,63,831
Japan . . .	8,151	12,620	17,307	150,230	160,987	28,306	23,143	56,130	2,05,910	4,10,310
Germany . . .	20,724	16,227	6,900	1,414	12	1,06,905	68,487	25,009	5,230	55
France . . .	26,267	9,288	2,321	143	2	1,39,913	50,746	14,624	1,155	10

<i>Share of Imports of different Provinces.</i>										
	1929-30.	1930-31.	1931-32.	1932-33.	1933-34.	1929-30.	1930-31.	1931-32.	1932-33.	1933-34.
Bengal . . .	148,388	62,221	33,475	118,845	106,735	6,69,705	2,51,252	1,56,729	2,39,790	3,54,787
Bombay . . .	87,456	51,125	64,379	90,824	103,373	4,06,946	1,93,523	2,58,828	2,24,490	2,59,118
Sind . . .	124,427	69,485	35,156	23,199	36,463	6,67,787	3,04,388	1,47,163	96,351	1,46,458
Madras . . .	3,663	5,220	4,450	1,910	2,208	17,105	17,576	15,157	8,210	9,829
Burmah . . .	45,436	41,786	19,927	31,057	32,857	2,42,770	2,05,709	92,237	1,23,660	1,12,170



## The Pucka Hosiery Mill, Cawnpore.

*Letter dated the 19th November, 1934.*

### REGARDING ENQUIRY INTO THE CLAIMS OF WOOLLEN INDUSTRY TO PROTECTION.

We have much pleasure in addressing this representation for your consideration.

We will divide the Woollen Industry into three parts for the purposes of examining the case for the desirability or otherwise of according protection to this industry:—

1. Spinning,
2. Weaving, and
3. Hosiery or knitting.

Weaving and knitting industries are dependent on the spinning industry or supply of suitable yarn.

As regards spinning is concerned we have to closely examine whether the wool spun is of the local breed of sheep or from imported wool.

As regards the Indian resources of wool, no body exactly knows what they are. There has never been a survey of woolled sheep in the country. All estimates are merely guess work and on the basis of latest estimates there are some 30 million sheep and each sheep yields but 2 lbs. of wool on an average. The yield is very poor, the quality of wool is very coarse and the fibre is very weak. And practically nothing has been done to improve the flock of sheep. Sheep breeding for wool has never attracted any attention. As a matter of fact sheep are reared chiefly on account of the mutton and fleece has been regarded as a subsidiary interest. Besides that about the half of the sheep herd found in the plains of India yield a kind of hair rather than wool.

Almost all this rough, coarse so-called wool is consumed by the handloom industry for the manufacture of carpets, blankets and coarse piece-goods. As there is no improved flock, the MERINO variety and CROSS-BREDS are usually imported from Australia and United Kingdom for the manufacture of finer class of goods. And in certain cases wool tops are imported, as there is no adequate arrangement for spinning from elementary stages extra superior merinos and cross-breeds. The figures relating to imports of wool clearly show that India at present cannot supply her requirements of raw wool for spinning.

Figures for last many years show a remarkable increase in imports of wool. The wool imports have risen from 1,073,407 lbs. in 1920-21 to 7,186,377 in 1932-33, a rise of more than 600 per cent. This clearly shows that although the demand for better type of wool was on the increase, practically no efforts were made to meet it locally.

It is abundantly clear, therefore, that India is not in a position nor it is likely to be in a position to supply better quality of raw wool for many years to come. Government of India has recently taken some interest in sheep breeding, but it will take years to see the results of the experiments.

Under the circumstances it is highly detrimental to the best interests of the country as a whole and to the weaving and hosiery industry in particular if any enhancement is made on the existing duty on the import of yarn. One thing is clear. The wool produced in India is mostly used for carpets and blankets as also coarse piecegoods manufactured by handloom manufacturers. The type of yarn as used in this trade is not imported from any foreign country in any quantity worth the name. Therefore there is practically no competition from imported yarn of that class.

As regards better type of yarn, almost all the raw wool and in some cases wool tops are imported from foreign countries and the existing mills in this country are not in a position to make better type of yarn to cover



the full requirements of the needs of the country. We may mention here that we approached two of the largest woollen mills in the country for only 10,000 lbs. of 2/40s merino yarn. It was not that we had to look out for foreign yarn because the prices were unreasonable but because the two mills refused to supply and expressed their inability to supply us with such yarn.

If under the circumstances any extra duty is imposed on the import of yarn which is used by the weaving and hosiery industries it will ruin these two very important branches of the woollen industry, the first being the principal woollen industry and the second being a small scale industry coming into prominence during the last few years. The duty of 20 per cent. against United Kingdom and 30 per cent. against other foreign countries is already too high and there is no justification of any further increase in this.

As regards weaving is concerned, it is hardly necessary to point out that it employs a very large number of labourers and a considerable amount of capital is invested in this section as compared to spinning industry.

The imports of piecegoods during the last few years have been in the neighbourhood of 140 lac yards with the exception of yarns 1930-32. During 1932-33 the total was 14 lacs and the share of United Kingdom was little over 55 per cent. And although in the last year imports from other parts of the world fell and there was a rapid rise in the imports from Japan, United Kingdom maintained their position. But all these huge imports are detrimental to the home industry. More than 75 per cent. of the hand-looms are lying idle. During the war the home manufacturers met the requirements of the country. And if given reasonable protection there is every hope that India could stand on her own legs and the requirements could easily be met by home manufacturers.

The chief reason for increased imports of woollen piecegoods is that the working margin is very little between the duty on yarn and duty on finished goods. There should be a difference of 15 per cent. to 20 per cent. instead of the present low difference of 5 per cent. The specific duty too has proved inadequate, as the finer qualities of piecegoods weigh only 6 to 7 ozs. per yd. Therefore to protect the industry from such competition it is essential to raise the duty on finished goods from 25 per cent. to 35 per cent. against United Kingdom and from 35 per cent. to 50 per cent. against foreign countries. This and a specific duty of Re. 1-8 per lb. on light weight goods of 8 ozs. per yd. or less will assist the industry considerably. This will assist the spinning industry too as the existing mills as well as the new mills that may spring up will have their own spinning to take full advantage of the protection extended to the industry.

Looking to the interests of the Empire, the United Kingdom will under the increased duty will get a further advantage of 5 per cent. extra duty over other foreign countries.

As regards hosiery or knitting industry it becomes all the more essential to raise the specific duty from Re. 1-2 to Re. 1-8 per lb. as the existing specific duty has proved a failure. The imports of woollen hosiery into the country has increased from Rs. 3,31,248 in 1931-32 to Rs. 5,71,874 in 1933-34. The competition in this line is more keenly felt as this industry is of recent growth and has to depend mainly on foreign yarn. There being no better class of wool available nor there is any big plant in the country which can meet the growing demand for hosiery twist yarn. The hosiery industry has to import most of the yarn. The present duty of 20 per cent. against United Kingdom and 30 per cent. against other foreign countries as compared to a duty of 25 per cent. and 35 per cent. respectively on finished goods leave a working margin of only 5 per cent. which is very inadequate.

We will suggest that a duty of 35 per cent. against United Kingdom and 50 per cent. against foreign countries with a specific duty of Re. 1-8 per lb. be imposed and the duty on yarn should remain as hitherto.

As regards labour is concerned, there is ample and cheap labour available in this country. As there are no statistics of the unemployed, the appalling unemployment is not known. It will help to decrease the growing unemploy-

ment. Besides, the ordinary labourer required does not need much technical knowledge and therefore there would be no difficulty in recruiting labour for this industry.

Power too is available in most of the cities and towns of India and the net work of Railways spread over the whole country can easily assist in getting the supply of coal which is available in abundance in this country. Therefore there is no difficulty of obtaining energy for the necessary growth of this industry.

The import figures of raw wool, woollen finished goods and hosiery goods clearly show that there is ample demand for them. And the steady increase shows that the increased production will be easily absorbed in the country. There would be no difficulty in disposing off the manufactured goods as the present manufacturing capacity is only one-fourth of the requirements. If therefore the industry is protected it has good scope of development and in a few years could stand on its own against world competition, as in a few years efficient labour, improved machinery and better sales organisation would be established in the country.

As regards the effects of the protection on the revenue of the central government, the income from the import duty of increased imports of yarn and on machinery will easily compensate the losses sustained in the income from the drop of the imports of finished goods. Besides that the creation of employment for several thousands of labourers, encouragement for better sheep breeding will compensate for any trifling deficit in the income from fall of imports.

With the above observations, we represent to you that the woollen industry stands in urgent need of adequate protection and the most useful and helpful protection would be in the form of an increase of duty on finished goods of all kinds from 25 per cent. against United Kingdom to 35 per cent. and from 35 per cent. against foreign countries to 50 per cent. with a specific duty of Re. 1-8 per lb. minimum. There should be a reasonable working margin between the duty on yarn and finished goods and hence no change in the existing duty on yarn is suggested.

We trust and hope that timely help rendered to this great industry will save it from extinction, but must stress the point that if the duty on yarn is increased it will ruin the industry as in that case it would not be for the greatest good of the greatest number, but will limit the advantage of the protection to barely half a dozen mills. It will, in that case not assist the small scale industries as well as the handloom industry which is the backbone of this poor country.

If it be necessary we would gladly send the undersigned to appear before the Tariff Board if and when required.

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### **Hosiery Manufacturers' Association, Ludhiana.**

*Telegram dated the 19th November, 1934.*

Hosiery Manufacturers' Association, Ludhiana, request emphatically for substantial increase duty woollen goods and corresponding decrease in woollen yarns. Detailed representation follows.

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### **Atlas Hosiery Works, Jullundur.**

*Telegram dated the 19th November, 1934.*

Greatly alarmed at proposed increase duty on woollen yarn, any such step will ruin small hosiery factories employing hundreds of workmen, we respectfully suggest increase duty on imported hosiery and reduction duty on yarn, letter follows.

### **The Kesari Hosiery, Khanna.**

*Telegram dated the 19th November, 1934.*

Protest against proposed duty on woollen yarn, will ruin hosiery industry.

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### **Beri Brothers, Ludhiana.**

*Telegram dated the 29th November, 1934.*

Genuine grievance of Hosiery industrialists be kindly removed by appreciable enhancement of duty on imported knitted woollen goods considerable decrease in woollen yarns otherwise Indias big investments unsafe.

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### **Rai Bahadur Hosiery, Ludhiana.**

*Telegram dated the 29th November, 1934.*

Enhancement duty woollen yarn will ruin Hosiery Industry.

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### **Swadeshi Karyala, Ludhiana.**

*Telegram dated the 29th November, 1934.*

If duty on imported woollen knitted goods not increased and duty on woollen yarn not decreased the countrys investment of millions will surely be ruined and a big number of population will be thrown out of work.

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### **Gujsta Hosiery Mills, Ludhiana City.**

*Telegram dated the 29th November, 1934.*

Strongly urge increased duty on woollen knitted goods increased duty on woollen yarn death stroke to Hosiery.

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### **Sund Hosiery, Ludhiana.**

*Telegram dated the 30th November, 1934.*

Earnestly emphasise urgency of increased duty on imported woollen knitted goods of decreased duty on woollen yarn without strong immediate measures industry shall decay.

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### **Hosiery Manufacturers' Association, Lahore.**

*Letter dated the 12th December, 1934.*

Allow us to thank you first of all for having accorded us an opportunity to place before you facts and figures relating to the woollen hosiery industry of this city. The time at our disposal has been very short and as such it has not been possible for us to collect the necessary details, yet we hope that the points narrated below will give you a fair idea of the industry as it stands at present.

The woollen hosiery industry in this city dates as far back as 1928. There were at that time three factories working with power and a few not using power. This was a very good period for the industry. The Swadeshi movement was in its full swing with the result that foreign competition was almost set at nought and every factory was making a decent profit. This sort

of affair went on for some time and gave rise to the growth of many a new factory. Our present strength to-day is as follows:—

(1) 12 Factories not using power.

(2) 8 Factories using power.

The capital involved in this industry amounts to about six lakhs, the number of workers employed ranges somewhere near 475. Circumstances to-day are however not so favourable. There is no Swadeshi movement to sustain and foreign competition has become all the more acute with the result that our profits have been minimised to the discouragement of the trade.

With a view to help the industry, the Government very recently tried to make improvement on the already existing duty of 35 per cent. on finished goods by levying a specific duty of Re. 1-2 per lb. but this has not in any way benefited the industry at large as to the best of our knowledge the specific duty of Re. 1-2 per lb. has not functioned at all. This fact will be amply corroborated by the figures available at the Customs.

In 1928, the Hosiery Factories were using mostly R. D. quality producing rough type of goods but gradually the demand developed for finer and higher class of goods. Now the total amount of yarn consumed is mostly merino in the proportion 90 merino, 10 R. D. The total consumption of yarn in the year 1934 has been about 100,000 lbs. which has been imported from Japan and England in the following ratio:—

80 per cent. Japan, 10 per cent. English.

The balance 10 per cent. was Indian Mill yarn.

The above figures will clearly show that quite a decent amount of capital is at stake in the industry but due to one reason or the other, the factories are now making very little profits. The following in our humble opinion would go a long way to help the industry a good deal:—

- (1) Duty of 30 per cent. on woollen and worsted yarn should not be increased.
- (2) The existing difference of 5 per cent. between the duty on yarn and the finished goods being too meagre, it should be increased to 25 per cent. at least.
- (3) As the specific duty of Re. 1-2 per lb. on woollen knitted goods does not in any way affect the light weight merino quality slip-overs Japan is now exporting, it should be raised to Rs. 2-4 per lb.

Concluding we would like to remark that the economic depression in the country is so acute that the hosiery manufactures are not in a position to increase their prices which they shall compulsorily have to do if the duty on yarn is increased and as the market is now in a position to buy goods of higher prices, the hosiery manufacturing trade in general will seriously suffer.

### **The All-India Hosiery Manufacturers' Association, Cawnpore.**

(1) *Letter dated the 28th March, 1935.*

I beg to confirm my telegram of date reading "Department of Industries inform that Board not now visiting Cawnpore, therefore Association propose submitting Memorandum relating Woollen Hosiery Industry, kindly wait. Secretary, All-India Hosiery Manufacturers' Association."

Acting in concert with the Department of Industries, who advised us that the Tariff Board would be visiting Cawnpore, the Association arranged for the Board, a series of visits to a number of factories belonging to Hosiery Manufacturers who are Members of the Association, and it was understood that the Association would have an opportunity of placing its considered views before the Members of the Tariff Board during their visit to Cawnpore.

The Department of Industries, however, now informs us that the Board does not now propose to visit Cawnpore and therefore it has become necessary for the Association to submit to the Board at this late stage, the following Memorandum which sets forth the considered views of the Committee of the Association. This Association includes in its membership most of the largest Hosiery Factories in United Provinces, Bengal, Bombay, Gujerat, Madras, Punjab and Burma. It is hoped that the Tariff Board will give due consideration to this representation which although submitted rather late for the reasons explained above represents the views of Woollen and Worsted Manufacturers—a very important section of the Woollen Industry.

(1) The Woollen and Worsted Hosiery Industry is at present established at Cawnpore, Lucknow, Ludhiana, Amritsar, Jullunder, Lahore, Khanna, Dhariwal, Delhi, Calcutta, Ahmedabad, Rangoon, etc., and worked on a reasonably remunerative basis until Japan went off the Gold Standard and depreciated her currency from Rs. 137 per 100 Yen to Rs. 80 per 100 Yen. This abnormal fall of the yen, combined with other advantages which Japanese Manufacturers possess over Indian Manufacturers, resulted in considerable drop in the prices in India of Japanese Hosiery and the situation eventually became so acute that the Government of India had to enhance its scale of Import duties. The figure adopted was a duty of Re. 1-2 per lb. or 35 per cent. (whichever is higher) on Japanese and other Foreign goods, and 25 per cent. *ad valorem* on Empire goods. This duty has however proved of little or no practical value in checking imports from Japan from which country the severest competition is felt. The main reason why the specific duty of Re. 1-2 per lb. on Japanese Woollen and Worsted Hosiery has not brought about the intended relief to the Indian Industry is that Japan copies our designs and styles of such Woollen Hosiery as Pullovers, Coats, Sweaters, Slipovers, Cardigans, Mufflers, etc., in exactly similar weights and colours but in *Cotton*. Owing to an anomaly in the existing Tariff Schedule these goods are passed as "Apparel" at a very low duty of 35 per cent. *ad valorem* duty, they sell in India at prices which work out to approximately one-fourth the cost of our genuine Woollen garments of Indian production. The Indian Manufacturers are quite capable of reproducing the Japanese cotton garments, for the same machinery used for making Woollen Hosiery goods can also produce similar goods in cotton; but they find it impossible to realise fair selling prices, because the Japanese articles being imported at the low rate of 35 per cent. *ad valorem* duty, sell in this market at a price which works out to approximately the cost of our raw material.

Japan has in recent years developed her own Woollen and Worsted Spinning Industry to a great extent and she is able to offer Worsted Yarn to the Japanese Hosiery Manufacturers at such low prices that they are easily able to place the Indian Industry at a serious disadvantage. It will thus be seen that Japan is hitting the Indian Woollen and Worsted Hosiery Industry in two ways (a) firstly because Japanese Manufacturers copy our Woollen designs and styles in cotton and sell them in India at ridiculously low prices, such goods being passed as "apparel" at a low rate of 35 per cent. *ad valorem* duty instead of at 12 annas per lb. as applicable to cotton socks, stockings and undervests and (b) secondly because the specific duty of Re. 1-2 per lb. on Woollen goods is too low to counteract Japanese Competition, mainly because of depreciated exchange and also because of her having greatly developed her Woollen and Worsted Spinning Industry within the last few years.

(2) The Association extends its support to any reasonable increase in the duty on imported Woollen and Worsted yarns which the Board may consider necessary in order to help the Indian Spinning Mill Industry. In particular the Association would not object to the duty on Woollen and Worsted Yarns being increased from 20 per cent. and 30 per cent. as levied at present on yarns of British and foreign origin to 25 per cent. and 35 per cent. respectively, provided of course, a higher duty on finished Hosiery

goods is levied at the same time. The Association strongly recommends that in any case a difference of 25 per cent. be maintained between the Import duties applicable to Yarn and those applicable to Finished Hosiery goods. For example, if the duty on Yarn is fixed at 35 per cent., the duty on Finished Hosiery goods should be raised to 35 per cent. *plus* 25 per cent. or 60 per cent.

(3) The Association recommends the following protective measures subject of course to current rates of exchange not moving against India for a period of 10 years:—

(a) Knitted Cotton apparel of every description and weight, as at present imported from Japan, constitutes a serious menace, both to Woollen and Worsted and to the Cotton Hosiery Industry in India, and should be subjected to the same rate of protective duty as applied to other Cotton Hosiery, namely, 12 annas per lb. If there is any question of Preference under the Ottawa Agreement being given in respect of these goods, the Association would raise no objection. Specific duty, however, of 12 annas per lb. on such Japanese Cotton Hosiery is absolutely essential to protect the Indian Hosiery Industry and the Association would draw the special attention of the Tariff Board to this very vital point in any scheme of protection which the Board may draw up.

(b) The following import duties be levied on all Woollen and Worsted Knitted goods and on Mixtures containing Wool:—

*On imports from Japan and other Foreign countries.*—Rs. 2 per lb. or 25 per cent. over and above the rate of duty applicable to Japanese and other Foreign Woollen Yarn whichever is higher.

*On imports from the United Kingdom.*—*Ad valorem* duty of 25 per cent. over and above the rate of duty applicable to United Kingdom Woollen and Worsted Yarns.

Six copies of this Memorandum are being sent as required by the Tariff Board, and if after going through this Memorandum the Board consider it necessary for a representative to give oral evidence the Association will be glad to send a representative with samples and such other additional information as the Board may desire.

(2) *Letter dated the 4th April, 1935, from the All-India Hosiery Manufacturers' Association, Cawnpore.*

I regret to find that in their Memorandum dated the 28th March, submitted by this Association, a very important point was inadvertently omitted, namely reference to the Association's views on the necessity for fixing up a quota on all Hosiery imports. It is therefore earnestly requested that the views of the Association in this connection may receive the consideration of the Board.

This Association is strongly of the opinion that no amount of Import duty which is not prohibitory, will prove of any practical value in the case of imports from countries like Japan and therefore strongly recommends that in addition to the Import duties suggested in the original Memorandum dated the 28th March, a quota based on the average annual Import from each country for the 5 years 1928-32 be fixed. During the years 1933 and 1934 there were abnormal imports from Japan and the Board will no doubt consider it only fair that the imports of normal years only should be taken into account in arriving at the figure to be adopted in fixing the quota of Hosiery imports from the various countries affected.

**National Federation of Hosiery Manufacturers' Associations,  
United Kingdom.**

*Letter dated the 27th February, 1935.*

I understand that in connection with the enquiry which the Indian Tariff Board have been asked to hold in regard to the Woollen industry in India. The Tariff Board is prepared to consider evidence submitted on behalf of manufacturers of woollen goods in the United Kingdom.

Accordingly I have the honour to transmit to you, on behalf of the National Federation of Hosiery Manufacturers' Associations in the United Kingdom, the accompanying memorandum representing the views of manufacturers of hosiery and knitwear in the United Kingdom.

Enclosure.

TO INQUIRE INTO THE POSITION OF THE INDIAN WOOLLEN INDUSTRY, THIS MEMORANDUM SUBMITTED BY THE NATIONAL FEDERATION OF HOSEYRY MANUFACTURERS' ASSOCIATIONS.

*Introductory.*—The Associations of Hosiery Manufacturers incorporated in the National Federation are responsible for approximately 85 per cent. of the total output of woollen goods by the hosiery and knitwear industry in the United Kingdom. The National Federation is, therefore, truly representative, and recognised as the official mouthpiece, of United Kingdom manufacturers of hosiery and knitwear made either of cotton, wool, or other yarns. This Memorandum, however, relates only to their interest in productions from wool or wool mixture yarns for the Indian market.

This Memorandum is supplementary to the joint Memorandum which is being submitted to the Tariff Board by the Wool Textile Delegation, and by the Chambers of Commerce of Bradford and Huddersfield, since the joint Memorandum does not deal specifically with the question of hosiery and knitwear. At the same time the joint Memorandum advances a number of general considerations, applicable to woollen hosiery and knitwear alike with other woollen textiles, in support of the creation of greater opportunities than now exist in the Indian market for the sale of woollen goods of United Kingdom manufacture. The National Federation desires to express its concurrence in the general considerations advanced in the joint Memorandum, and accordingly refrains from traversing the same ground in this Memorandum.

*The Indian Market.*—The year 1929 may be considered the last in which anything approaching normal trade took place with India in United Kingdom hosiery and knitwear. The imports into British India from the United Kingdom for that, and for subsequent years, both by volume and by value, are set forth in Appendix I, which contains the relevant extracts both from the United Kingdom official trade returns and from the Annual Statement of Trade published by the Department of Commercial Intelligence and Statistics of India.

Whilst, owing to the fact that the fiscal year in India differs from the statistical year upon which the United Kingdom official trade returns are based, it is impossible to reconcile the totals of United Kingdom imports of hosiery and knitwear into British India year by year, the totals show a fair approximation. Each set of figures shows that the import of United Kingdom products in this category had declined by the end of the calendar year 1933 to approximately one-third of the volume and one-quarter of the value of the imports derived from the United Kingdom during the year 1929 (or 1929-30).

It may perhaps be mentioned here that, generally speaking, the class of hosiery and knitwear goods (chief value wool) exported from the United

Kingdom to British India does not seriously compete with local manufactures, being of a quality and style the demand for which is not sufficiently large to render their production by the Indian industry an economic proposition.

The most important factor contributing to the reduction of imports of hosiery and knitwear from the United Kingdom is, undoubtedly, the increase of lower-priced imports from Japan. Appendix II shows the imports into British India of hosiery goods, both in volume and in value, from (a) Japan and (b) all other foreign countries. It will be observed that Japan may be said, in effect, to have driven all other foreign countries off the Indian market in this line during the five-year period in question. Owing to the low standard of wages in Japan, assisted by the considerable depreciation of Japanese currency, the stress of Japanese competition is keenly felt even in the United Kingdom: *a fortiori* the competitive power of Japan outside the United Kingdom market must be infinitely more successful in displacing United Kingdom goods, especially in a market which, like India, is geographically much more accessible to Japan than is the United Kingdom.

The Federation would venture to submit that when the present duties were imposed they were fixed in the light of the competitive power of the industrial countries of Europe and of North America: it could not have been contemplated that any industrial country having such a low standard of wages as prevails in Japan would make such an unprecedented onslaught upon the markets of the world in this, and in so many other, lines. In this connection the Federation is prepared to prove if necessary that the average wages in the United Kingdom industry for ordinary skilled operatives per week of 48 hours are 80s. in the case of men and 45s. in the case of females. Against these figures the Tariff Board will doubtless be in a position, as a result of its own inquiries, to confirm the statement that the corresponding wages in Japan are in the case of males barely equivalent in sterling to 20s. and in the case of females not equivalent in sterling to 10s., per week of 6½ days.

The Federation desires to avoid burdening this Statement with a range of samples of goods formerly exported to India, but begs to submit a few representative samples of the class of goods the exportation of which has been restricted. A schedule of these is attached, and upon it are noted the costs of labour, materials, and "overheads" including profit. It may be added that the United Kingdom manufacturer purchases his yarns from United Kingdom spinners, and it is on the basis of the cost of United Kingdom yarns that the schedule of costings has been prepared. The Tariff Board will, however, not fail to appreciate the fact that the United Kingdom spinner of yarns is situated similarly to the hosiery and knitwear manufacturer in regard to wages paid *vis-à-vis* his Japanese competitor, that is to say his conversion cost for manufacturing yarns from raw wool is so much greater than the Japanese conversion cost for the same operation, that the United Kingdom manufacturer of hosiery goods pays more heavily for his yarns than does the Japanese manufacturer of hosiery. But even after the "yarn stage", the advantage enjoyed by the Japanese manufacturer in the lower conversion cost, owing to low rate of wages paid, continues. This situation cannot fail to continue to affect detrimentally the sale of United Kingdom hosiery and knitwear, and, according to the Federation's information, the Indian hosiery and knitwear industry is also suffering in the Indian market from Japanese competition, and must continue to do so unless remedial measures are put into operation.

*Conclusions.*—The Federation wishes to place on record that it has no desire to deprive the Indian industry of that portion of the Indian market which it is equipped economically to supply, but it would respectfully ask, now that the question of import duties is under consideration, that the claims of United Kingdom manufacturers to enjoy a larger percentage of the market catered for by outside countries may be favourably considered.



For convenience the Federation would summarize the arguments in support of that plea set forth above, as follows:—

- (1) United Kingdom exports to India are, in general, not competitive with Indian production.
- (2) In so far as they may be competitive, the existing revenue duty of 25 per cent. on United Kingdom goods is, in the opinion of the Federation, more than sufficient to equate the selling price of United Kingdom products with the fair selling prices the Indian product; the question of conversion costs in the Indian industry is, however, a matter in regard to which the Tariff Board alone can reach authoritative conclusions.
- (3) Both the Indian and the United Kingdom industries have suffered severely from the low price of Japanese imports, prices rendered possible by the abnormally low wage rates prevailing in Japan, and by Japanese currency depreciation.
- (4) The Federation would respectfully urge therefore that both the Indian and United Kingdom industries should be afforded adequate protection against Japanese competition either—
  - (a) by the imposition upon foreign, as distinct from British, hosiery and knitwear goods, of considerably higher duties, both *ad valorem* and specific from those now in force, or
  - (b) by the application to Japanese imports of a quota restriction based upon the quantities imported before Japan developed her present abnormal competition, or
  - (c) by a combination of these two methods.

#### APPENDIX I.

*The Imports into British India from the United Kingdom in the years 1929-1933 (1st January—31st December).*

(Extracted from the "Trade Returns of the United Kingdom".)

		1929.	1930.	1931.	1932.	1933.	1934.
<i>Stockings and Hosiery of Wool</i> } or of which the chief value is wool.	doz. pair	83,567	45,615	50,636	48,697	38,900	} Not yet published.
	value	£58,949	£29,346	£29,863	£26,943	£19,662	
<i>Underwear of wool or of which the chief value is wool.</i> }	dozens	4,911	2,254	3,036	2,633	8,907	
	value	£8,532	£4,426	£4,639	£3,008	£4,169	
<i>Fancy and other Hosiery of wool or of which the chief value is wool (this includes knitted outerwear).</i> }	dozens	53,109	19,595	8,511	10,547	6,546	
	value	£99,502	£37,963	£16,879	£17,220	£14,575	
Total	values	£166,983	£71,735	£51,381	£47,171	£38,406	

*Imports into British India from the United Kingdom in the years 1929-30 (Fiscal year ending 31st March) to 1933-34.*

(Extracted from the "Annual Statement of the Sea Borne Trade of British India".)

#### HOSIERY (III-T.).

	1929-30.	1930-31.	1931-32.	1932-33.	1933-34.
Weight in lbs. . . . .	383,301	170,154	124,666	107,179	108,856
Value in rupees . . . . .	16,61,551	7,76,646	5,57,810	4,57,647	4,63,831

## APPENDIX II.

*Imports into British India from Japan and other foreign countries in the years 1929-30 (Fiscal year ending 31st March) to 1933-34.*

(Extracted from the "Annual Statement of the Sea Borne Trade of British India".)

## HOSIERY (III-T.).

	1929-30.	1930-31.	1931-32.	1932-33.	1933-34.
<i>By weight in lbs.</i>					
From Japan . . . . .	8,151	12,620	17,307	150,230	169,987
From other foreign countries . . . . .	52,815	23,417	11,797	2,985	1,742
Aggregate weight in lbs. . . . .	60,966	41,037	29,104	155,215	171,729
<i>By value in rupees.</i>					
From Japan . . . . .	23,306	23,143	56,130	2,05,910	4,10,310
From other foreign countries . . . . .	2,75,030	1,33,929	48,703	10,083	6,773
Aggregate value in rupees . . . . .	3,03,336	1,57,072	1,04,833	2,15,993	4,17,083

## Messrs. E. Hill and Company, Limited, Nainital, United Provinces.

*Copy of letter No. 9-T. (3), dated the 3rd November, 1934, from the Commerce Department, Government of India, to the Secretary, Tariff Board.*

*Subject:—IMPORT DUTY ON WOOLLEN CARPETS AND RUGS.*

With reference to this Department Resolution No. 9-T. (2)/34, dated the 29th October, 1934, regarding an enquiry by the Tariff Board into the question of protection for the Indian woollen textile industry, I am directed to forward for information a copy of a letter, with enclosure, from the Government of the United Provinces No. 2306-I, dated the 8th October, 1934, on the above subject.

Enclosure No. 1.

*Copy of letter No. 2306-I, dated the 8th October, 1934, from the Government of the United Provinces, to the Secretary to the Government of India, Department of Commerce.*

*Subject:—ABOLITION OF THE IMPORT DUTY ON WOOLLEN CARPETS AND RUGS MANUFACTURED IN THE UNITED KINGDOM.*

I am directed to forward for information and such action as may be deemed necessary by the Government of India a copy of a letter dated August 25th, 1934, from Mr. Brenford, a director of Messrs. E. Hill and Company, Limited, Carpet Manufacturers, Mirzapore, on the above subject and to suggest that if there is any move on the part of carpet manufacturers in the United Kingdom to make a grievance of the fact that while carpets

exported from India to the United Kingdom do not have to pay any duty, a charge of 25 per cent. is made on carpets brought into India from England, the question of abolishing or reducing the import duty may please be considered so as to avoid the imposition of any duty on carpets sent from India to England. It may be pointed out in this connection that while exports from India to the United Kingdom are valued at Rs. 56,46,000, imports from the United Kingdom into India are worth only Rs. 1,77,000; it would therefore be to the advantage of this country to give up a revenue of about Rs. 40,000 in order to maintain its large export trade in carpets, and prevent it suffering by the imposition of a duty in the United Kingdom.

Enclosure No. 2.

*Copy of letter dated the 25th August, 1934, from Messrs. F. Hill and Company, Limited, Nainital, to the Government of the United Provinces.*

It has been brought to my notice that India levies a duty on English carpets imported into India and that England does not on Indian carpets imported into England. As the representative of the largest exporters of carpets from India to England I beg to point out that I think this is a very great pity and the fact will I know, shortly be used by the English carpet manufacturers in an attempt to get Parliament to put a duty on Indian carpets.

Indian cottage made carpets can easily hold their own in India without any assistance from a duty and the revenue from the import duty on English carpets is very small; if this duty could be removed, I feel sure it would be a very good thing for many thousands of Indian carpet weavers, as it would remove the English manufacturers best weapon in their coming attack.

**Messrs. C. M. Hadow and Company, Srinagar, Kashmir.**

*Letter dated the 15th November, 1934.*

#### INDIAN WOOLLEN INDUSTRY—PROTECTION ENQUIRY.

In the Civil and Military Gazette of November 12th, 1934; I have seen a notice instructing that any firm which desires that its views should be considered by the Tariff Board should address their representation to you.

I am consequently writing on behalf of my firm which owns one of the largest Carpet Factories in Northern India and which employs approximately 1,500 men in normal times and has been in active operation for over 46 years.

Our firm earnestly requests the Tariff Board not to increase the Customs Duty on and Protection against wool yarns spun in England and which are imported into India.

The present duty and protection on English spun yarns should be ample to protect the Indian Woollen Industry and if it does not do so it is owing to inefficiency on the part of the Indian Woollen Industry.

Against undue and unfair competition from Japan there may be cause for added protection and this does not apply to the case of woollen yarns spun in England.

The Indian Woollen Yarn Industry has had ample time in which to grow up during the past many years behind the protective wall of substantial customs duties.

I regret to state that if additional protection is given against English spun woollen and worsted yarns it will give a terrible blow (probably a death blow) to one of the largest employment-giving industries in India hand-made carpet weaving.

This applies especially to the weaving of the finer and finest qualities of carpets for which Northern India is becoming more and more famous. It does not apply to inexpensive carpets such as are woven in Mirzapore and other similar areas.

As regards giving protection to other branches of the Woollen Industry I am not in a position to speak but I do state confidently and authoritatively that to give additional protection at this time against woollen and worsted yarns spun in England will do incalculable harm and damage to the most important industry of hand weaving of fine quality rugs and carpets in India.

I state positively that if the import duties on English spun woollen and worsted yarns are increased not only will the quality of the finest Indian hand-made rugs be irretrievably damaged but also a huge number of Indian workmen will be thrown out of work.

Persia is India's strongest competitor in the fine qualities of the hand-made carpet industry and Persia has no such undue protection against English yarns in fact the English yarns are welcome into Persia.

India is having a great struggle to-day to compete with Persia and additional duties on English Yarns will smash the Indian Industry.

I do therefore request on behalf of many thousands of Indian workmen that no increased duty be sanctioned on English Woollen and Worsted Yarns.

### **The Oriental Carpet Manufacturers (India), Limited, Amritsar.**

*Letter dated the 17th November, 1934.*

#### **INDIAN WOOLLEN INDUSTRY—PROTECTION INQUIRY.**

The undermentioned views are expressed by the Oriental Carpet Manufacturers (India), Limited, Amritsar, Punjab:—

A private limited company with a paid up capital of Rs. 12,00,000 registered in the Punjab.

Manufacturing Woollen Yarns, Woollen Cloths, Woollen Blankets and Rugs, 'Lohis, Tweeds and other woollen manufactures.

Possessing up-to-date woollen carding, spinning and weaving plant, and ancillary machinery and plant.

Employing 500 men directly in the mills and several thousands indirectly by the woollen carpet yarns, manufactured and distributed to the carpet weaving interests in Amritsar, Kashmir, Agra, Gwalior, Jaipur, Mirzapore and Bhadohi.

It is observed that the Tariff Board require to be satisfied as to the undermentioned:—

1. That the industry possesses natural advantages in the shape of abundant supply of raw material, cheap power, labour and a home market;
2. That the industry is not likely, without the help of protection, to develop so rapidly as is desirable; and
3. That the industry is one which will eventually be able to face world competition without protection.

Each of these will be treated separately.

1. *Does the industry possess natural advantages in the shape of abundant supply of raw material?*

The staple commodity of woollen manufactures is wool, and wool is abundantly available in India.

*Cheap Power.*—Coal and electricity are available and the power required for a woollen mill is not more expensive than is required for other industrial and manufacturing undertakings.

**Labour.**—Labour is plentiful and as the percentage of skilled labour to the total labour force can be quickly trained, there is never any dearth of labour.

**Home Markets.**—Home Markets can be found for all the manufactured articles turned out by the Woollen Mills in India, providing they are safeguarded against unfair foreign competition. All the articles manufactured are specially for Indian consumption, and would sell readily if cheap and shoddy substitutes were not allowed to be dumped into India from foreign countries at uncompetitive rates.

**2. The Industry is not likely, without protection, to develop so rapidly as is desirable.**

As a matter of fact, and as statistics of manufacture will show, it has not been so much a question of "expansion" during the past years, as, one of contraction. For the past six or eight years, Italy and Czechoslovakia particularly, and of later years Japan, have been allowed to dump into Indian Markets "shoddy" goods, made of reclaimed woollen goods and mixtures. We would request therefore that duty be considerably raised on these shoddy goods and admixtures, since such articles are sold in India at cheaper rates than pure woollen goods, manufactured in India, and unfairly compete with Indian made goods. The importation of these goods has practically extinguished the manufacture of Indian hand-loom-blanket industry.

In our case the curtailment in production on account of foreign competition is as under:—

		1929.	1930.	1931.	1932.	1933.	1934
Woollen blankets . . .	Pieces.	45,000	43,000	35,000	30,000	5,000	Nil.
Tweeds . . . . .	Yards.	15,000	15,000	20,000	18,000	15,000	12,090

**3. Whether the industry is one which will eventually be able to face world competition without protection?**

**Firstly:** Protection will keep out unfair and unwarranted foreign competition.

**Secondly:** Indian Woollen industries will develop.

**Thirdly:** As mostly Indian raw materials and Indian labour is employed, it is protection to an indigenous industry.

**Fourthly:** Indian sales for the products of the mills will expand and the articles will become well established on the Indian markets and will become known by the buying public.

**Fifthly:** If protection is given to the Industry for a period of years, to enable it to recover from the present situation, the reason which has attributed to the depression will disappear and the general economic situation will, or should improve, to the extent of allowing the industry to again face competition and to do without further protection.

It is desired that a protection duty on *all* imported manufactured woollen articles be levied, which at present unfairly compete with Indian Manufactures, irrespective of whether they are made of "pure wool" "admixture" or "shoddy". These are:—

Woollen Blankets and Rugs; Woollen Lohis; Tweeds; Serges; Woollen Cloths—wearing apparels and other articles at present manufactured in Indian Mills.

It should be noted that several woollen mills in India have had to close down on this account and the woollen handloom industry has practically ceased to exist.

### Shaikh Gulam Sadik Woollen Mills, Amritsar.

*Letter dated the 17th November, 1934.*

We strongly support the representation of Messrs. Oriental Carpet Manufacturing Company (India), Limited. We have got a spinning plant and started weaving hand-made tweeds and blazer cloth, but could not succeed as shoddy made cloth and mixtures from Foreign countries were under-selling us, so we had to close our weaving department.

We are very much anxious to expand our mills and make blankets, tweeds and blazer cloth, etc., but the closing down of several woollen mills in India and the practical extinction of hand-made woollen blanket industry is making us afraid to invest more capital. If we are given protection against unfair foreign competition which takes the form of shoddy blankets and other admixture materials dumped in Indian market at very low prices, we would be prepared to expand our mills and thus give employment to labour.

The writer would be very glad to give evidence before the Tariff Board.  
P.S.—Our above remarks also apply to shoddy and cotton woollen yarns.

### Messrs. A. Tellery & Sons, Bhadohi, Benares State.

*Letter No. 1081, dated the 15th February, 1935, from the Chief Secretary, Benares State, Ramnagar, to the Secretary, Tariff Board.*

With reference to No. 9-T. (2)-34, Government of India, Department of Commerce, dated the 20th October, 1934, received with the endorsement No. 784/I-99, dated the 5th December, 1934, from the Political Agent, Benares, I have the honour to enclose herewith copy of a letter No. nil, dated the 25th January, 1935, from Messrs. A. Tellery & Sons, Carpet Manufacturers at Bhadohi, in the Benares State, received through the Collector of Bhadohi.

Enclosure.

*Copy of a letter No. nil, dated the 25th January, 1935, from Messrs. A. Tellery & Sons, Limited, to the Collector and Magistrate, Bhadoh District, Gyanpur, Benares State.*

**Re to the CHIEF SECRETARY'S NOTE No. 546/XVIII-86 of the 11th DECEMBER, 1934, AND ENCLOSURES.**

In our letter of the 4th October, 1933, we only expressed our opinion on the free export of wool and its effect on the local carpet industry.

But while we are still of opinion that the Indian wool industry needs protection our views of the method to be adopted now differs from the suggestion made in our letter of the 4th October, 1933, which is adopted, would undoubtedly adversely affect the Indian wool export trade. Karachi is the principal port of export of wool, most of which goes to the United Kingdom where consignments are auctioned and sent to America and the Continent. However, of late America has been drawing increasing quantities direct from India.

If a duty was put on the export of wool the above trade would suffer considerably and the consequences instead of improving and stimulating the Indian wool industry would have the opposite effect.

As we have been asked to express our views we beg to do so in connection with the Indian wool trade.

It would undoubtedly be beneficial to all exporters and Indian consumer alike, that first, the standard of Indian wool should be improved. This could be achieved, so as to improve the Indian stock by the introduction of

sheep from Australia or Spain and the reservation of pastures for breeding purposes, and secondly, that the very extensive slaughter of young lambs, chiefly in Northern India, should be stopped, also the killing of sheep before lambs are born.

The above is responsible for the loss of millions of pounds of good wool yearly, besides the alarming reduction of the number of sheep due to premature slaughter.

The protection of sheep and the improvement of the quality of wool is the keynote towards making India a wool producing country on similar lines as Australia.

Conditions of the Carpet Industry have changed considerably since 1923 and since the last couple of years this industry has benefited under the protection of the Ottawa Agreement.

### **Merchants' Chamber of the United Provinces, Cawnpore.**

*Letter No. 6253-34/C. 15, dated the 20th November, 1934.*

*Subject: PROTECTION TO WOOLLEN INDUSTRY.*

In continuation of this office letter No. 6301-34/C. 15, dated the 17th instant, I have the honour to forward herewith a Memorandum containing the views of the Council of the Merchants' Chamber regarding grant of protection to Indian Woollen Industry. I shall feel grateful if you will be so good as to acknowledge this letter.

Enclosure.

*A memorandum of observations submitted by the Council of the Chamber to the Tariff Board regarding the question of protection to the Woollen Industry.*

Although the Indian Woollen Industry has hitherto made little headway compared to India's two other big textile industries cotton and jute or although it is unlikely that the woollen industry in this country will ever assume the dimensions of the latter industries, yet this industry has an economic importance which is admittedly of a superior character. Climatic conditions prevailing in Northern and North-Western India for nearly four months of the year render the use of some kind of woollen garments essential even by the poorest classes. In the absence of any reliable statistics regarding the output of cottage weavers, it is not possible to estimate the total consumption of woollen goods in India even according to the present standard of living. But that such consumption is well over of the value of 5 crores of rupees would be evident from the fact that about  $8\frac{1}{2}$  crores of population or 25 per cent. of total Indian population live under climatic conditions in which the use of woollen goods is a matter of necessity in the cold weather.

2. In any examination of the question of protection to the Woollen Industry, the first question requiring an answer is whether India has her own resources of raw material or wool. Reliable data regarding India's flock is not available. But according to rough estimate worked upon by the British Empire Marketing Board, India is said to possess 40 million sheep some of which, however, are not wool-bearing. The average yield per sheep in India is not higher than 3 lbs. per year. At this yield-rate India's annual supply of raw wool may be estimated at 100 million lbs. This is exclusive of the Tibetan wool which finds its natural market in India and on which India, more than any other country can always depend for feeding her spinning spindles. The supply from Tibetan source can be estimated at 30 million lbs.

3. It is not at all necessary, however, that India need have her own resources of raw wool in order to develop her woollen industry. Both United

Kingdom and Japan have built up their woollen industry based entirely on foreign supply of raw wool, the importation of foreign raw wool in the case of former country being so large as over 900 million lbs. per year. Further, whatever may be India's resources of sheep-stock at present, their yield-rate admits of a great development under proper care. The point is brought home from the following statistics:—

	Sheep. Millions.	Wool production. Million lbs.
Australia . . . . .	105	900
India . . . . .	40	100
United States of America . . . . .	48	434
Argentina . . . . .	44	329
South Africa . . . . .	45	290
China . . . . .	50	100
New Zealand . . . . .	29	266
Soviet Russia . . . . .	193	300

It will be observed that Indian flock is almost the one with the lowest yield of 2½ lbs. against about 9 lbs. of Australian flock.

4. Regarding other factors of development, power, labour and home market the Council do not consider they need make out any specific case for this industry, especially as the scope of the home market for woollen goods has been sufficiently stressed in the introductory paragraph of this memorandum.

5. The growing competition of the foreign woollen manufactures especially of piecegoods with the Indian products would appear from a few simple statistics, as called below:

Year.	Import of woollen piecegoods (in million yards).	Value of total import of woollen goods raw and manufactures (in crores of rupees).
1931-32 . . . . .	5.5	1.62
1932-33 . . . . .	13.9	2.92
1933-34 . . . . .	11.5	2.54
1934-35 (six months) . . . . .	5.6	1.71

The most marked feature of the position of competition at the moment is the large inroads which Japan has made in the recent years in the Indian market. In 1931-32, her share of woollen piecegoods was .1 million yards which she raised to 1.4 million yards in 1932-33 and 2.0 millions last year. This year her progress has been still amazing, India having already imported in the six months of 1934-35 3.6 million yards.

6. The Council of the Merchants' Chamber of United Provinces do by no means, however, contend that Japanese goods are the only competing goods in the market. Competition exists all along the line as regards countries of origin. But the inroad of Japan is the most phenomenal fact of the situation. For a correct appraisal of this situation it is necessary to take into account a few more facts of a decisive character. In the first place, the Japanese piecegoods are cheap in price but at the same time light in weight, thus giving rise to the obvious inference that if specific duties are at all to be levied they have to be graduated according to the heaviness of the goods. Secondly, the Italian rugs which are hitting very hard one section of the Indian hosiery industry are manufactured from woollen rags and wastes which are collected from all over the European Continent. Thirdly, the Indian woollen industry is partly dependent on the foreign raw materials such as wool for the manufacture of worsted and knitting yarn as also for the finer counts of weaving yarn. Here, however, the redeeming



fact is that the countries of supply are not those which are competitors in the Indian market with their woollen manufactures, these supplying countries being principally Australia and Persia. Fourthly, a large part of the Indian woollen industry is entirely confined to the weaving and knitting of goods chiefly with imported yarn. The number of such pure textile mills may not exceed two dozens in the whole of India. But the number of manual weavers and knitters engaged in this branch of the industry is countless.

7. The Council are now enabled to formulate their definite proposals regarding protection. They have given some anxious thoughts as to whether the duty on woollen yarn should be increased or not. Having regard to the fact that there are countless manual carpet-weavers near about Mirzapur and knitters and weavers of woollen goods in Ludhiana, Jullundur, Amritsar and Lahore, they doubtless recognise that any raising of the yarn duty will adversely affect the interests of the manual workers as also of small mill concerns. But in the opinion of the Council, it would be a poor woollen industry of India if the spinning branch of the industry remains undeveloped. Further, there is clear evidence that both in the worsted yarn and knitting yarn Japan has been gaining much ground in the Indian market. The import of Japanese knitting yarn in the six months this year has exceeded the total import of Japan in this line in 1933-34. In the circumstances and having regard to what proposals they have made later in this memorandum, the Council are of opinion that the duty on non-British yarn should be raised to 35 per cent. leaving the duty on British yarn at 20 per cent. as at present.

8. Turning now to other manufactures—piecegoods, hosiery, rugs and carpets, the Council feel that the duty on British must at least be raised to 30 per cent. and that on non-British to nothing less than 50 per cent. *ad valorem*. The seriousness of the Japanese invasion has already been emphasised in the earlier part of the memorandum, particularly in piecegoods and knitted articles. In shawls, Germany is the greatest manufacturing competitor, although there has been a slight slackening of import during the last 12 months. In the matter of floor carpets, the Belgium imports provide the danger for the Indian industry. It would thus appear the enhancement of duty to 50 per cent. on non-British goods is perfectly justified. This additional 15 per cent. will only bring the woollen textiles on a par with the protected cotton textiles.

9. In the case of British manufactures (other than yarn) however the Council strongly feel that a higher duty must be imposed on wool than in cotton. A 30 per cent. duty is the minimum which the Council would recommend. A good part of present day woollen industry being entirely confined to weaving and knitting the present narrow margin of difference between the rates of duty on British yarn and British finished goods is seriously prejudicing the weaving and knitting mills and manual weavers and knitters. Indeed the Council would have favoured a still higher duty but for the fact that such fine goods as worsted suitings and fine serges are not manufactured by the Indian mills at present and that India must for some time yet to come depend on United Kingdom for their supplies.

10. A point which the Council have considered at some length is whether any specific duty should not be applied on the woollen goods. They feel that wool tariff must in this respect follow the cotton tariff. Accordingly they suggest the following scale of specific duty alternatively with *ad valorem* rates suggested, the higher one no doubt being the rate applicable:—

For goods weighing less than 8 oz. per sq. yd. . . . .	Re. 1-12 per lb.
For goods weighing less than 12 oz. but more than 8 oz. per sq. yd. . . . .	„ 1-8 „ „
For goods weighing less than 16 oz. but more than 12 oz. per sq. yd. . . . .	„ 1-4 „ „
For goods weighing more than 16 oz. per sq. yd. . . . .	„ 1-0 „ „

In the case of knitted goods the specific duty is suggested at an uniform rate of Re. 1-12 per lb.

11. One more recommendation remains to be made. Certain cotton knitted apparel, cotton coats, pullovers, etc., and fleecy undervests, coats, pullovers, etc., of non-British origin are now seriously competing with woollen hosiery goods. The Council suggest that they should be brought within the scope of the protective duties for woollen hosiery.

12. A suggestion has also been made before the Council that an upward limit should be fixed in the case of import of woollen manufactures from Japan. Having regard to the alarming growth of Japanese import in recent years and the uncertainty which still prevails regarding the future of Yen, the Council incline to favour the fixation of such a limit and would commend it to the careful consideration of the Board.

### **Marwari Chamber of Commerce, Calcutta.**

*(1) Letter dated the 4th December, 1934.*

The attention of my Committee has been drawn towards the recent clamour raised by the Indian woollen industry for protection against imported foreign woollen fabrics.

This news has not come as a surprise to the members of this Chamber as it has become patent that protection can be the only power in the hands of the Indian industrialists to exploit the middlemen and the consumer, irrespective of the legitimate interests of their victims. It is actuated with this sense that my Committee has directed me to ventilate certain grievances of the commercial community against the appropriateness and justifiability of this demand of the Indian woollen industry.

Be that as it may, it is not the end of this representation to dilate upon the various ramifications of protection, as a whole nor to deal thoroughly with all the aspects of the demand made by the abovementioned industry.

As the bulk of the woollen trade of this port is handled by the members of this institution, I consider it more important, here to submit you the viewpoints of the traders and consumers of woollen goods. I need not repeat here that so far as piecegoods trade is concerned, this chamber has proved its authority, more than once, even before the Tariff Board. The opinions of this Chamber have been always held in deference by the whole mercantile community where occasions have appeared.

Our contentions against any enhancement of the present scale of import duty—viz., 35 per cent. on Non-British goods and 25 per cent. on British goods are:—

(1) That this demand of the woollen industry is premature. As it can be inferred from the available statistics, however incomplete and unsatisfactory they are, it becomes quite strikingly apparent what a wide gap lies between the proportion of imported woollen goods and manufactured woollen goods of the country. It is inferred that the home manufacturers cannot even meet the demands of one-tenth of the Indian population. You may calculate what a misery it tells upon the average consumer, if his purse be penalised to increase the dividends of these industries which cannot even meet the demands of a meagre population.

(2) Moreover, the present scale of duty is sufficiently high, in view of the common necessity of goods imported and under normal circumstances. There cannot be any contention, I believe on behalf of the woollen industry that some foreign country is dumping goods here. Given all fair competition from every side it does not behave well an industry to seek undue shelter under protection when already it has got the shield of 35 per cent.

(3) The manufacturers of the Indian woollen industry are to be classified as immune from any severe competition from outside as the bulk of their qualities are superior and corresponding prices considerably higher than the imported goods. It has been the strange but sagacious policy of the

Indian mills not to devote themselves to these cheap qualities that were extensively imported from outside. Thus they have avoided competition as far as practicable.

(4) To give importance and help to an industry practically at the cost of the consumer and the middleman is to rob Peter to pay Paul. Could it be ever reasonable to tax the consumer for the sake of a few mills in these hard days. The industry must find out the protection in their own internal economies, in their own efficient labour and management, in their steady paces along with progressive lines in the use of latest machinery.

(5) The traders, specially have had always to sacrifice themselves to the cause of the industry in the history of the Tariff Board although his throat has gone hoarse out of virulent protests against any protection be granted without any chance being given to him to express his difficulty. As usual in the course of trade, he has larger stocks, he has more onerous future contracts, he has greater outstandings and more responsibilities than the industrialists, consequently his interests ought to occupy the premier attention of any Tariff making body. Moreover, according to elementary market rules, as has been so frequently verified in the history of tariff, the Indian consumers 35 crores in numbers are not to be the least benefited by any enhancement of duty, as the market price of the home manufactures will be always in parity with the imported articles. Protection means higher prices for imported goods means higher parity for manufactured goods.

(6) The consumer is to be doubly taxed. Firstly because he has to pay higher prices to the home traders and secondly because he has to pay more taxes to the state in order to fill the gap caused by the loss on taxes brought about by diminished imports. In the opinion of the Chamber it is too premature to consider any proposal for protection for the woollen industry at present. In end my Committee can only assure you to express its fullest thoughts on the subject when summoned for the same in the ensuing visit of the Board to Calcutta.

(2) *Letter No. 55, dated the 28th January, 1935, from the Marwari Chamber of Commerce, Calcutta.*

I am directed by my Committee to send you under a separate cover 12 copies of a brochure published by my Chamber entitled "Dangers of Protection to Indian Woollen Mill Industry".

My Committee will feel obliged if you kindly circulate a copy each to the members and the President of the Board.

This brochure summarises the arguments of this Chamber against protection and as such deserve the serious consideration of the Board.

Enclosure.

#### PREFACE.

The *raison de etre* of this brochure may be briefly stated. A representation has been made to the Tariff Board by the Millowners' Association of Bombay, on behalf of a number of Indian Woollen Mills for the grant of protection to the Woollen Mill Industry. Naturally enough, the protectionists have sought to point out the so-called advantages and benefits that would result from the granting of protection to this industry. But there is another side to the picture also. The peoples' voice must also be heard. The accompanying pages embody the considered opinion of this Chamber representing a very influential mercantile community very much interested in woollen trade. It endeavours to show how, given the protection asked for, the woollen handloom weavers are likely to suffer, how the hosiery industry of Northern India might become desolate, how the traders in woollen goods might be ruined, how the consumers shall have to bear the burden of taxation, how—in fact, the evil consequences would far outweigh the chimerical benefits that may be theoretically expected.

We would therefore oppose the granting of any protection to the Indian Woollen Mill Industry, with all the emphasis we can command.

#### DANGERS OF PROTECTION TO THE INDIAN WOOLLEN INDUSTRY.

When one finds only four members of the Indian Millowners' Association of Bombay, petitioning the Indian Tariff Board for protection to the Indian Woollen Mill Industry one is naturally reminded of the famous activities of the Three Tailors of Toolay Street.

To say the least, any demand for special privileges and safeguards affecting popular rights must be representative in character. But the facts show that the claim for protection has been got up by only a few interested woollen millowners and is totally unrepresentative in character.

Leaving the case of the woollen mill industry for the moment let us turn to the woollen handloom industry.

The major portion of production of the Indian Woollen Industry is controlled by the handloom weavers, who are mainly dependent upon imported yarn wool and other articles of manufacture. In the same category fall the Hosiery manufacturers who, wholly and solely, depend upon imported woollen yarn: two-thirds of which is imported from foreign countries and one-third from inside the British Empire, the former being subject to 35 per cent. *ad valorem* duty and the latter to 25 per cent. *ad valorem* duty.

Evidently it appears that the majority of the woollen industry, comprising the handloom weavers and the hosiery manufacturers, would in no case countenance the suggestion of any protection to this industry. On the contrary any further enhancement of duty would be cutting at the very root of the industry as a whole. The present rate of revenue duty upon imported goods has adversely affected the handloom industry and consequently should be reduced as far as practicable. The deficit in the Custom revenue will be ultimately met by increased employment and increased imports of goods into the country. The only sagacious course will therefore be to allow the handloom industry a free move rather than fasten on it the shackles of taxation.

Furthermore, the handloom weavers can have no grudge against imported goods as these do not clash or compete with their products which are of different variety and quality altogether.

It is apparent, therefore, that this demand for protection by the Indian Woollen Millowners is selfish, partial and unrepresentative. They are pursuing the French policy of "*Calamniez, Calamniez, il ne que sera quelque pas*". "Throw, throw, something at least will stick." They wish to shift the incidence of their inefficiency upon the poor consumers and traders.

*Not a Key Industry.*—The claim that the Woollen Industry is a "Key industry" is an arrogant one. Any one acquainted with even the definition of a key industry will be astonished at this assertion. Far from being a "Key industry", it is not even an important industry inasmuch as there is no mention of it in the Indian Industrial Commission Report.

If any further arguments are needed to prove that the woollen industry cannot be a "Key industry" the following may be advanced:—

(a) Although the actual statistics of wool grown in India are not available yet, judging from import and export figures, it can be safely stated that the production of this commodity is not considerable enough.

In 1933, the total value of exports of wool was Rs. 1,23,29,218, while the import figures are Rs. 42,12,188 for wool; Rs. 34,21,988 for yarn, Rs. 15,12,662 for worsted yarn and Rs. 17,96,858 for knitting wool.

The Home consumption is limited to about 18 mills only, accounting for about 5 million lbs., while the total production is estimated to be 7 millions.

(b) The number of persons employed in the woollen mills seem to be about 6,000 in 1932 and a few thousands in the handloom industry.

(c) The production of wool is confined only to a few tracts in India—Sind, the Punjab, Rajputana, Nepal and the Terai. Hence the industry does not promise to be an All-India one, even in the near future.

(d) The total capital invested in the woollen industry is only about Rs. 125 lakhs so far as the mills are concerned and sundry investment in handloom industry not worth calculating. The total investment is too meagre to deserve the taxation of the whole lot of consumers, the consideration of whose interests is certainly of primary importance.

*Previous Rejection of Petition.*—The fallacy of the petitioners' claim may be exposed on their own admission. For, when in 1930, six mills made a joint representation, the Government of India "rejected the application for protection on the ground that the claim put forward did not satisfy the principles on which the Indian Government's policy of discriminating protection was based, since the protective duty would be imposed upon an article different in kind from and essentially inferior to that sought to be protected. The Government of India also indicated that such a duty, if adequate, for this purpose would have one of the two results; either, it would give rise to the establishment in the country of an industry producing the inferior article in which case it would fail to achieve its object of protecting the pure woollen industry, or, it would place a permanent burden on the Indian consumer and so contravene one of the main principles laid down by the Indian Fiscal Commission. For these reasons, the Government of India held *prima facie* that a case for reference of the Woollen Industry to the Tariff Board did not exist. The Government of India also pointed out that since the application had been received, the Indian woollen mill industry had been considerably assisted by the increase in the import tariff, which the revenue requirements of the country had caused them to impose and by the removal of the duty which had previously existed on woollen shoddies and rugs".

There can be no clearer statement of the case against protection. And if the Government of India once rejected the petition why should they allow it to be reconsidered? There seems to be absolutely no justification for going back on their own judgment. The reasoning advanced in their reply aforesaid retains the same force even at the present moment. The quality of the home manufactures still in no way competes and compares with those of the imported articles.

Take for instance, the shoddy goods, which are imported to the extent of Rs. 34 lakhs annually. These do not compete with the Indian manufactures, as they are made of rags and other cheap raw materials. If any protection be granted to-day, it will only help to molest the consumer, provoke inefficiency, tax the oppressed and retard the manufacture of high class goods. Rotten woollen rags are unavailable in India as yet, while the demand of the poor Indian consumers for inferior goods is unabated. Any grant of protection will, therefore, result in forcing upon the consumer such high-priced Indian manufactures as he cannot afford to purchase normally.

*Arguments against Protection.*—In considering the arguments against protection the Indian Fiscal Commission explains in detail the chief disadvantages which are inherent in any system of protection, namely;

- (a) The risk of encouraging inefficient methods of production.
- (b) The danger of political corruption, and,
- (c) The possibility of combination of manufacturers.

A little consideration will show that these will be most appropriately applicable to the present case.

(a) In claiming protection for the woollen industry the petitioners state that "adequate protection is necessary in order that the Indian Mills may enjoy a reasonable period of security to renew plant and reduce costs". Evidently, it seems to be confessed by the Indian woollen Millowners that their plants and machinery have not been renewed for a long time, in many

cases for as long as 12 to 15 years. Consequently, their methods of production are very inefficient, inexpedient and indiscriminate. They would never be able to stand upon their own legs, whatsoever be the amount of protection unless their present plants are made efficient and up-to-date, as have been adopted by other competing countries. The very principle of protection will be violated if inefficient industries are protected. Protection is meant sentimentally to give help to nascent but promising industries. Could it be ever believed that with such old and antiquated stock India could compete with Japan and Italy where the progressive manufacturers adopt only up-to-date machinery and latest technical improvements. The Government of India were amply justified in their reply to the representation of the Indian Woollen Mills in January 1932 expressing their apprehension of encouraging inefficient production and giving rise to the manufacture of mixed articles rather than pure woollen goods.

When fears of competition have not induced the manufacturers to keep abreast of the time by making necessary improvements no amount of security will have the desired result. It will only lead to further indolence.

(b) Secondly, it has been lately the policy of the Indian Millowners to exploit the poor consumers and disorganise the *bonâ fide* traders by always clamouring for protection under the garb of Swadeshi movement. Merely sentimental as the Indians are the name of Swadeshi has in many cases given support to indiscriminate protection. The very spirit and end of protection are circumvented to a great extent thereby.

With the commencement of the sittings of the freshly elected Assembly every underhand method will be employed by interested parties to win their cause. There is every danger of political corruption in these days. Now that India is in the throes of new constitutional reforms will it be judicious to aggravate this "danger of political corruption" by granting indiscriminate protection?

(c) Thirdly, "the possibility of combination of manufacturers" is and always will be present. This apprehension is more than justified by the recent combination of manufacturers who have, in one voice, applied for protection. It seems to be no less than a conspiracy on the part of the manufacturers of woollen goods in this country to unite together and demand protection.

With protection on their back and the poor Indian in front there seems to be no doubt that it is a simple process of exploitation which should in no way escape unaccosted by the Indian Tariff Board.

*Evil Consequences of Protection.*—This leads us to the consideration of the "loss that must be set against the gain to India from protection. The most important item is the burden of increased prices that protective duties will impose on the people."

There are two classes of the population whose interests are affected by protection are particularly considered by the Indian Fiscal Commission, viz., (a) the agricultural and (b) the middle classes. Now these are exactly the two classes who buy cheap articles, specially clothing, in the market.

(a) *The Agricultural Classes.*—The sad plight of the agricultural classes have been frequently lamented by every Indian manufacturer or trader, but few have ever endeavoured to alleviate their misery. The demand of the agriculturist represent the demand of the whole country. If 75 per cent. of the population is in such an abyss of depression would it be worth while to add to their misery? The prices of home-made articles have always been parallel to the prices of those, which are imported after paying heavy protective duties. This has not only been verified in the case of cotton goods, but practically in case of all imported articles. Even as it is, cheap cotton goods are denied to them, woollen goods are naturally more costly and protection would even more make it so. Such being the position, is it not just and proper to consider the case of the poor agriculturist sympathetically?

The agriculturists are already ill-fed and ill-clad and to deprive them of their sparse winter clothing will be sheer inhumanity. Without their

humble piece of blanket they will be exposed to the risk of cold and chill, and their ill-health will be directly felt on Indian Agriculture as the Fiscal Commission has justly feared.

Italian rugs and cheap Japanese articles have been comforting to a great extent. Cotton goods being proportionately more costly, woollen goods being naturally dear, the poor agriculturists had been withstanding cold by means of the Italian mixed rugs. Should this bare necessity be also grudged to the poor by a few capitalist covetous millowners?

(b) *The Middle Classes.*—By “middle classes” the Indian Fiscal Commission mean mainly the professional, clerical and petty trading classes and in their opinion “there is no doubt that they will be more adversely affected than any other by a policy of protection. The middle classes have a certain standard of living which entails expenditure on imported goods. Their cost of living will undoubtedly rise. The possibilities of equivalent, or at any rate timely, expansion in their incomes are, however, limited. It is probable, therefore, that for some period they will feel the effects of protection more than any other class of the population.”

These general observations apply particularly in the present case.

The middle classes have been the real victims of unemployment and depression and desperation is rife among them. Their income is limited and their standard of living fixed and if their budget has to be expanded continually by protective duties upon their necessities, it will mean their further emasculation. Their burden will be increased, firstly, to pay the toll of protection; and secondly, to meet the deficit in the custom revenue caused by diminished imports which will necessitate new forms of taxation. In their case too Income Tax also creates havoc, for it is as fixed as the income. The mills will neither be able to contribute substantially to this head of revenue, for as long as the present rates of duty remain doubled, they will be only able to meet their cost of production.

Leaving aside these two classes there are the upper classes who can easily afford to spend higher prices for country-made articles to their satisfaction. The Indian woollen millowners should count upon them for the disposal of their comparatively small output.

*Conditions of Indian Fiscal Commission not fulfilled.*—Let us now examine the three formulas enunciated by the Indian Fiscal Commission as being primarily requisite to decide favourably the claim to protection of a certain industry.

(a) The first condition to be fulfilled is that the industry should possess natural advantages. In the case of the Indian woollen mill industry, it is our contention that this condition is not fulfilled. Firstly, because India produces very poor quality of wool, hence better quality of piece-goods cannot be prepared. In fact, “most of India’s wools are only suitable for the manufacture of very coarse tweeds made chiefly by handloom weavers, and rough blankets, travelling rugs and carpets.”

The second difficulty is that the Indian wool is not rightly sorted, hence the sorting operation has become very expensive. Thirdly, India does not produce woollen yarn for fine hosiery and superior quality piece-goods. As against these the case of Italy may be cited. “Of the Italian wool, the Merino is not of a high standard, being somewhat lean and lacks fulsomeness. The fine cross-bred is an excellent hosiery type. Much of the wool is consumed in Italy but a fair quantity is exported.”

Thus, when compared with its serious competitor Italy, India seems to be lagging behind in many ways. Firstly, India does not produce that high class cross-bred sheep wool that is produced in Italy, for hosiery manufacture, and secondly, India is wholly unable to produce the same at present. The major portion of imported woollen goods are either superior quality woollen piece-goods or inferior quality shoddy rugs. So that India does neither compare nor compete with the Italian cloth in many respects.

It is stated that “India produces annually about 90 million pounds of raw wool about half of which only is suitable for export. It may then be

assumed that the remaining 45 million lbs., are only useful for home manufacture. Allowing 50 per cent. for wastage and inferior quality goods we find that about 22 million lbs., can be the only probable quantity of manufactured goods in the country, whereas the present importation of woollen piece-goods is about 23 million lbs., besides the home manufactures which can come to about 15 million lbs. all told. Thus it seems that India is not rich enough in wool to meet her total demand even in the near future.

Furthermore, the very principle of protection is assailed if any protection be granted to the nascent Indian woollen mill industry frightened by the newly-started Italian shoddy rugs and blankets industry. Protection is usually granted to nascent industries to safeguard them against the competition of the long-established expert industries. But the blanket and rug industries had been started in Italy only in 1925.

It is further argued that "a prosperous Indian woollen industry would provide a great incentive to the production of finer wools in India, and add to the wealth of the country." Even as it is, India has got to import vast quantities of wool from foreign countries. Why has not the wool industry prospered as yet? What steps did the woollen mills take to help the wool production? By religion, custom and temperament, however, Indians are averse to any form of animal husbandry and as such there is little chance of the development of sheep-rearing and wool production. Nor is there any great scope for sheep-farming in India, for the tracts devoted to pastoral industry hitherto are being gradually diverted towards agriculture.

(b) The second condition of the Indian Fiscal Commission is that the industry should be one which without the help of protection is either not likely to develop at all, or is not likely to develop as rapidly as is desirable.

The history of the Indian woollen mill industry reveals the fact that upto 1929 the industry had been in a fairly prosperous condition, when not even the revenue duty existed. The competition before and at that time came from the long-established and highly technicalised industries of England, France and Germany but even then we do not find the Indian woollen mill industry ever complaining against it. So evidently it comes to stand that the industry is inherently strong enough to prosper without the help of protection.

The complaint of the Indian woollen mill industry is that they have not suffered in the least from the imported woollen piece-goods but solely from the Italian shoddy rugs and blankets. This cannot be treated as a grievance against the imported woollen goods. It is not the fault of the exporting countries to send out goods that do not compare with the established quality. But as is the custom with us, we have been always shifting the burden of our inefficiency and laziness on to our neighbours.

(c) The third condition laid down by the Indian Fiscal Commission is that the industry should be one which will eventually be able to face world competition without protection.

Judging, however, from the present circumstances it does not seem feasible that India would be able to achieve anything without protection even after sometime. The avaricious policy of the millowners in keeping no reserves, their crude and old methods of manufacture, the dilapidated and worn machinery, want of research and improvement in the technique—all forbid altogether any dispensation of protection by the industry. In fact, protection has a great enervating effect in the long run. It can be helpful only for a short period.

But even if given protection, the Indian woollen mill industry will not be able to achieve much. It will be seen from the Import figures that in 1931-32 the imports from Italy was at its lowest. This was due to the high current of non-co-operation in India at that time. All sorts of foreign merchandise were boycotted and frantic efforts were made on all sides to replace them by country-made goods. Taking advantage of the situation many new industries were started in the country, but what did an old industry



like the Indian woollen industry do? Why did they fail to secure their foundation when a situation exactly on all fours with the protection claimed for presented itself?

*"Woollenising Jute."*—To all intents and purposes the protectionists claim the same duties on articles which are made of pure wool and on those which look like pure wool. This is, to say the least, is preposterous. If this principle be once admitted then what is the utility of scientific and industrial research for which so much money is being spent in all progressive countries of the West? If the Italian people have succeeded in utilising waste wool and converting the same into useful products they deserve the highest credit. In these days of keen competition the most rigid economy should be practised. It will not do simply to decry one's competitors. One should emulate their examples and try to outbid them. Indian woollen mill industry can try to manufacture substitute products. We would hazard a suggestion. A French Chemist has succeeded in "woollenising jute", i.e., converting jute into a fibre very similar to wool and serving the same purpose. Now that the jute industry in India is in a sorry plight and the jute problem is in the forefront of the public the Indian woollen mill industry would render real service to the country by utilising jute, the world's monopoly of Bengal. They will then kill two birds at one stone.

*Specific Duty.*—Let us now consider the question whether any specific duty is justifiable.

The present woollen tariff provides a specific duty of Rs. 1-2 per lb. on woollen hosiery and woollen knitted apparel, that is to say, all hosiery and knitted apparel containing not less than 15 per cent. of wool by weight; and on woollen fabrics, not otherwise specified, containing more than 90 per cent. of wool excluding felt and fabrics made of shoddy or waste wool.

The present scale of duties amply indicates that imported woollen hosiery containing more than 15 per cent. of wool is practically a prohibition. The duty in some cases turns out to be 100 per cent. of the cost of production. Thus, for instance, a woollen sweater weighing about 2 lbs., costing c.i.f. about Rs. 2 has to pay a duty of Rs. 2-4. Such an onerous duty is never desirable upon an article of common necessity. Woollen goods which are highly essential for most parts of India, have to pay a larger duty than cotton goods even. In these days of economic depression, specialised competition and reciprocal trade policies of nations, it seems highly detrimental to the interests of the country to impose such a heavy tariff.

On the other hand, the duty on shawls, lohis and other woollen fabrics has worked out to be simply prohibitive. The Indian consumer has been openly robbed of his legitimate rights of purchasing the cheapest and best articles he desires. As a result of this policy shawls and lohis have been in some cases totally forbidden to enter India, not, however, on account of the competitive prices of the Indian manufactures which are even now in the face of such a heavy duty, equal to those of the imported articles. These revenue duties which are far more effective than protective duties have amply exposed the inherent weakness of the Indian woollen mill industry. It will be simply exemplar in the tariff history of the world if such heavy duties are allowed to remain on the clothing of the poor.

*Woollen Blankets and Travelling Rugs.*—Undoubtedly the importation of shoddy-made Italian rugs has captured the Indian market but it does not necessarily indicate the diminution of production of these rugs by the Indian woollen mill industry. The Blanket manufacture has been only perfected on a large scale by the Indian woollen mills in the last two years. Trading and marketing statistics undisputedly testify to the fact that the consumption of these articles has also increased correspondingly in a bigger proportion than it could be ever imagined.

Before the advent of the Italian rugs, the poor and the middle classes had to reconcile to the use of cotton made Belgian or Dutch blankets. But the introduction of the Italian rug in the country proved a boon for them, and hence the popularity of the article. The heavy woollen looms of Government jails have seldom been idle; on account of their reserved consumption

inside themselves. The hand-loom weavers have suffered more on account of the revenue duty imposed upon woollen yarn, that has ruined the hand-loom woollen industry rather than the competition from Italian rugs, their quality being different from those manufactured in the country. The durability of the Indian stuff is twice greater than that of the Italian stuff, but the difference between the prices is not so much.

Consequently, it is quite logical that Indian woollen industry does not require protection at all, because qualitatively Indian goods are twice better than foreign goods, whereas the prices of the former are only 20 per cent. higher than those of the latter.

*Prices of Raw Wool.*—The Indian woollen millowners have themselves shown that prices of wool in Italy and Liverpool in 1934 were 32 per cent. higher than those of 1931 while the prices in India were 27 per cent. lower than in 1931. Strangely enough, even armed with such advantages the Indian woollen goods manufacturers could not compete with the imported articles. In the raw materials only there of this handicap of 60 per cent. (32+27) against Italy and Liverpool, yet even then Indian prices of blankets have been 20 per cent. higher than imported articles. Could it be imagined for a moment even, that protection will justify the bolstering up of such an industry which could not compete with a heavily handicapped industry of Italy. It becomes evident that India has a decided advantage in the raw material. She has all the raw materials, labour, capital and organisation requisite for the woollen industry and still she suffers a loss in woollen goods manufacture—which is inexplicable. This furnishes another irrefutable proof that Indian manufacturers are inefficient, badly organised, unenterprising and injudicious. If the Government of India ever condescends to extend their helping hand, indiscriminately though, to such an industry it would mean further undesirable encouragement of inefficiency and wastage. The poor Indian who covers his person from cold in the winter by cheap imported shoddy rugs will be either exposed to the clemency of the season or be taxed to starvation simply to fill the pockets of those who deserve no sympathy at all on account of their own inefficiency and indolence. The woollen millowner has never expressed any sympathy for the poor wool grower while purchasing raw wool nor has he ever tried to help him to improve the quality of the commodity, but to-day when necessity has arisen he wants to exploit him under the garb of sympathetic sentiments. Indian woollen mills import about 7.2 million pounds of wool out of their total manufacture of 15 million lbs. of woollen goods. Their apathy towards the Indian wool growers is thus apparent. Then again, although imports of Italian trugs have increased by progression apparently at reduced prices, yet the quality of the stuff has also been proportionately deteriorating. So, qualitatively speaking, there does not seem to be any real diminution in prices.

*Quota System.*—Over and above these arguments we might point out the mischievous results of any quota system, the fallacy of which has been realised by many. It will at once prove a great boon to a few Indian woollen mills to get the whole market reserved for themselves and rob the poor consumer with impunity. In every item of international trade, the only relief to the Indian manufacturers appears to be the quota system. This system is highly to be deprecated and can never be approved by the trading community. To put barriers against the smooth flow of trade is sheer injustice as well as highly dangerous. Its implications have always provoked chagrin and contempt in the trading community.

*Worsted Yarn for Weaving, Hosiery Yarns and Knitting Wool.*—India has developed a good hosiery industry in the Punjab specially, depending mainly on imported woollen yarn. A large number of people are employed in it and the Province has at last found a prosperous industry even in these days of depression. Amritsar, to-day, is the beehive of the woollen hosiery industry. The whole hosiery industry would be ravaged if any idea of protection be entertained against woollen yarn. The Indian woollen mills are unable to meet the demands for woollen yarn by the Indian hosiery

industry. Their prices are also higher while their facilities to the traders are niggardly. So it will be a severe encroachment upon the poor handloom weavers' right of enjoying an uninterrupted method of protection.

*Conclusions.*—Considering all the circumstances, we are inclined to suggest that the disadvantages of any protective tariff to the Indian woollen industry would be as follows:—

1. It would encourage the inefficiency, carelessness of the Indian woollen millowners and the exploitation of the consuming public by them.

2. An article of daily necessity of the poor, which in no way competes, either in quality or in prices, with the home manufactures would be unnecessarily prohibited in this country.

3. The attention of the wool grower would be confined to the production of inferior grade wool.

4. The Government will be deprived of a great share of customs duty and also of Income Tax on account of the deficits of the traders.

5. A wide market for India's wool would also be closed, as a reciprocal and retaliatory policy of other importing nations.

6. The woollen handloom weaver will be ruined as his raw material will be highly tariffed.

7. The trading and the consuming classes will be very hardly hit.

8. All the principles of discriminate protection laid down by the Indian Fiscal Commission will be transgressed as explained above.

Endeavour has been made in the foregoing pages to expose the fallacy of granting protection to the Indian Woollen Mill Industry, and the risk and danger which are attendant upon any such false step. We have tried to enumerate some of the evil consequences that might follow the granting of such protection—how for instance, the Indian Woollen handloom weavers are likely to be ruined, how the hosiery industry of Northern India might become desolate, how the traders in woollen goods might suffer, and finally how the consumers shall have to bear the burden of taxation.

### **Karachi Chamber of Commerce, Karachi.**

*Letter No. 20-b. c. 27, dated the 6th December, 1934.*

I am directed to refer to letter No. 922, dated the 17th November, 1934, addressed to yourself by the Honorary Secretary, Delhi Piecegoods' Association, Delhi, a copy of which has been forwarded to this Chamber, and to inform you that this Chamber supports the representation made by that Association.

### **Punjab Chamber of Commerce, Delhi.**

*Letter No. 927/629/34, dated the 10th December, 1934.*

The Committee of the Chamber have had before them for consideration copy of a letter No. 922, dated the 17th November, 1934, which the Delhi Piecegoods Association, Delhi, has addressed to the Board in connection with the enquiry which the Board is at present conducting into the claims of the woollen industry in India for grant of protection. The Piecegoods Association approaches the problem from the standpoint exclusively of importing interests and recommends to the Board that the present duty on woollen articles of 35 per cent. and 25 per cent. on non-British and British goods respectively should not be increased and that the specific duty of Rs. 1-2 per lb. should be abolished as it applies to a class of goods which does not come into competition with indigenous manufactures. It puts forward the view that the grant of protection to the industry in addition to the present high level of import duties constitutes an unwarranted burden on the consuming population and it is of opinion that if the industry

with the advantages that the present level of high duties affords is unable to compete with foreign manufactures it must be inefficient to a degree that pending rationalisation it has no claim to protection from the Government.

The Chamber, as representing manufacturing and importing interests, has difficulty in putting forward a unanimous opinion and therefore refrains from pressing any particular view on the general question. For the same reason it finds it difficult to support the views of the Piecegoods Association though on the point which the Association puts forward for the Board's consideration that goods not coming into competition with indigenous manufactures and goods of a kind which are not produced locally should not be prohibitively taxed on importation the Committee of this Chamber are thoroughly in agreement.

### **The Indian Merchants' Chamber, Bombay.**

*Letter No. 3075, dated the 19th December, 1934.*

With reference to the Resolution of the Government of India, Commerce Department, No. 9-T. (2)/34, dated the 20th October, 1934, I am directed by the Committee of this Chamber to send to you hereby their views on the question of protection to the Indian Woollen Industry.

After the passing of the Safeguarding of Industries Act in 1933, Government introduced in the Legislative Assembly a Tariff Amending Bill, by which additional duties were proposed, among other things, on certain woollen materials. I am sending to you herewith a copy of the communication, which my committee then addressed to the Government of India, from which it will be observed that even before this reference to the Tariff Board, my committee had pressed the claims of the Industry for protection.

In this connection, my committee have seen the case submitted to the Board by the woollen mills. They do not, at this stage, wish to enter into a detailed examination of the same. They would generally support the claim of the Industry for protection. In the opinion of my committee, the Industry satisfies the conditions laid down by the Fiscal Commission for protection; it has the natural advantages and, from the experience of the past few years, it could be safely said that without such protection, the Industry is likely to go to the wall. It should also be possible for the Industry to stand on its own legs ultimately, although at the moment it is difficult to form an estimate as to the period for which protection would be necessary.

The Tariff Board will have during the course of their investigation, evidence as to the extent of protection that will enable the Industry, firstly, to face the foreign competition and, secondly, to consolidate its position. As has been mentioned my committee do not wish, at this stage, to enter into the details; but all the same they must emphasise that the Board should give adequate consideration to the needs and requirements of the Industry and recommend a liberal measure of protection.

My Committee presume that in due course the Board, as usual, be issuing a questionnaire. They would then, if necessary, deal with the matter in greater detail.

Enclosure.

*Copy of letter No. 268, dated the 1st February, 1934, from the Secretary, Indian Merchants' Chamber, Bombay, to the Secretary to the Government of India, Department of Commerce, New Delhi.*

I am directed by the Committee of this Chamber to draw the attention of Government to some serious defects in the new Tariff Amending Bill now being considered by the Indian Legislature in the provisions concerning protection to the indigenous woollen industry, and to address Government on the same hereby.

In the first place, my Committee would like to point out that the protection which Government propose to grant to the indigenous woollen industry under the new Bill does not in any way protect the industry so far as important items like woollen rugs, blankets, shawls, knitting wool and weaving yarn are concerned. These are among the largest lines of manufactures of the various woollen mills in India which are still faced with the everincreasing menace of unfair foreign competition. In order that the interests of the Indian Woollen Mills may be adequately safeguarded, my Committee would strongly urge the imposition of specific duty of 18 annas per lb. on the items mentioned above along with the *ad valorem* duty, whatever is higher.

My Committee note that in the provisions of the new Tariff Amending Bill, British woollen products are exempted from the application of the specific duty. They feel convinced that as far as the indigenous woollen industry is concerned, the competition from the United Kingdom on account of its exemption would not only continue as before but it would be considerably increased because imports from Japan and other non-Empire countries affected by the specific duty would be largely captured by the United Kingdom. The plight of the indigenous woollen industry would, therefore, be as serious as before, and the principal object of the Bill, viz., protection of the indigenous industry from outside competition, would be frustrated. My Committee regret to note that instead of securing an adequate measure of protection to the Indian Woollen Industry from foreign competition, it is sought to secure further Imperial Preference for the British woollen industry. They, therefore, strongly urge that the British woollen piecegoods, should not be exempted from the imposition of specific duties.

My Committee understand that representation from the indigenous woollen industry have already been made to Government on the matters referred to above. They trust that Government would be pleased to favourably consider the same and modify the new Tariff Amending Bill on the lines suggested above.

### **Buyers and Shippers' Chamber, Karachi.**

#### *(1) Note regarding hand-spun and hand-woven woollen (Khadi) cloth.*

It has been generally found that wherever raw wool is obtainable in plenty, there is always a sort of hand-spinning and hand-weaving industry. We have some details about the Taluka of Thar in Sind where the population is about 200,000 (two lacs) comprising mostly very poor people who maintain themselves on agriculture and depend for their produce simply on rainfall or who make a livelihood by rearing cattle, particularly sheep. These people shear wool from their sheep, spin the yarn by takli or charakha and weave it into cloth. They sell yarn as well as cloth. Yarn is sold at about Rs. 65 per maund.

There is an Ashram at Gadro in the Thar District called the Gandhi Ashram where the hand-spun and hand-woven cloth is made. The following particulars, it is hoped, will be useful:—

- (1) Capital invested in the Ashram is about Rs. 15,000.
- (2) In the last 4 years about Rs. 24,000 worth yarn was purchased by the Ashram and woven into cloth valued at Rs. 50,000.
- (3) In the last 4 years woollen cloth worth about Rs. 38,000 was purchased by the Ashram from the weavers of the place.
- (4) Wool yarn worth about Rs. 12,000 is sent outside from this Taluka every year. The value of raw wool sent out from this Taluka is approximately Rs. 1,00,000 per year.
- (5) The annual exports of woollen cloth from this Taluka, over and above the dispatches made from the Ashram approximate, in value, Rs. 50,000.

- (6) The number of persons from whom woollen yarn and woollen cloth is purchased from the Ashram is about 1,500 in this Taluka.
- (7) The Taluka is capable of producing yarn on a very large scale, but for want of proper disposal of the woollen cloth in hand, the purchase of yarn has to be restricted, and consequently the spinners have to restrict spinning yarn in absence of adequate demand.

We give the above information with the hope that the members of the Tariff Board will be good enough to consider the question of hand-spinning and hand-weaving of wool in all its aspects, as this indigenous industry is the means of living of a great many of the Indian populace, in nearly every province, all very poor people who earn their livelihood, as stated above, from land and from cattle. It is therefore very essential that the Tariff Board should make suitable recommendations to lift this industry from its present low position, to enable the Nation as a whole to reap the full benefit of its development. This leads us to the question of sheep breeding, which we discuss in the succeeding paper.

## (2) *Some notes regarding Wool.*

(By Mr. Hoshang N. E. Dinshaw, Chairman.)

India produces something like 75 million lbs. of wool. This is a great and flourishing industry in Australia and it produces more than a quarter of the world's requirements. Australia's wool represents one-half of the fine quality of Merino wool and as a result of sheep breeding in the space of three generations, the yield has been brought up from 4 to 8½ lbs. of Merino wool per year and instances are not unknown where breeders have been able to get as much as 35 lbs. of lovely fleece from sheep. Needless to add these rams command very high prices, and some of them fetch as much as 600 guineas and there are scores of cases where as much as 2,000 guineas has been offered for a ram and refused. The history of the progeny of one ram sold for 5,000 guineas reveals that the breeder has refused 3,050 guineas for one of its issues.

Wool production is one of the most beneficent form of pastoral wealth apart from its great value as a cottage industry, and no efforts should be spared by the Government of India in raising the quality of wool of which as we have mentioned India produces close on 75 million lbs. so as to bring in larger return to the wool farmer. This they can do by importing rams from Australia or Argentina. The ewes of Persia are also well-known for their fleece and are in great demand in the sheep breeding world.

Apart from the wealth that the sheep yield in its wool, they are of immense benefit to the farmers at large owing to the rich manurial properties of their droppings. In a poor country like India where the margin of wealth fades into the border line of poverty, every effort should be made to encourage an industry of this type so as to enlarge the range of remunerative employments of poor peasants whose mainstay in life is the product of their labour on their land. This object could be achieved by the Animal Husbandry Department by paying special attention in improving the breeding of sheep-stock and my Chamber would urge with all the emphasis at their command that the Live-stock Officer should be specially asked to make a study of this important branch of pastoral industry and Government should budget special amounts for provision of sheep studs scattered all over the country, if rural uplift of the peasantry now condemned to a state of perpetual and hereditary indebtedness is to be actively pursued.

The question is not difficult of achievement as plenty of suitable material exists in the shape of Bikaner and Hissar Dale stock: if special attention is devoted to the introduction of these breeds in tracts of unremunerative sheep world of India which whilst requiring the same nourishment, care

and labour do not return anything like the clip that improved breeds yield both in weight and quality of the shearing, and they are gradually eliminated and replaced by the better type of sheep, a very advanced step will have been taken in the desired direction.

### **Madras Chamber of Commerce, Madras.**

*Letter dated the 21st December, 1934.*

#### **PROTECTION TO THE WOOLLEN INDUSTRY.**

The attention of my Chamber has been directed to certain representations made to you by the Delhi Piecegoods Association as contained in their letter No. 922 of the 17th November last, and I am instructed to inform you that far from being able to support these representations, my Chamber is not in agreement with any part of the case placed before you by the Association.

### **Chamber of Commerce, Bombay.**

*Letter No. 35/366, dated the 4th January, 1935.*

#### **PROPOSED PROTECTION TO THE INDIAN WOOLLEN MILL INDUSTRY.**

I have the honour to forward herewith for the information of the Tariff Board a copy of a report drawn up by a Special Sub-Committee of the Chamber representing the importing interests of the Chamber. I am to add that the case for the local industry, in so far as the interests of members of the Chamber are concerned, has been dealt with by the Bombay Millowners' Association.

Enclosure.

Copy.

THE CHAMBER OF COMMERCE,

Bombay, 19th December, 1934.

#### **REPORT OF THE SPECIAL SUB-COMMITTEE.**

#### *Proposed protection to the Indian Woollen Mill Industry.*

We were appointed by Committee Resolution No. 672, dated the 28th November, 1934, to take evidence from members interested in the importation of woollen goods and to draw up any representation which importers may desire the Chamber to put before the Tariff Board.

We accordingly invited members interested in the importation of woollen goods to meet us in the rooms of the Chamber on Tuesday, the 11th December, 1934, but only two members responded to the invitation. After careful consideration of the views put forward by these members and an exchange of our own views on the subject we recommend that the Committee of the Chamber should make a representation to the Tariff Board strongly opposing any increase in the import duties on woollen goods for the reason that the Indian Woollen Industry does not fulfil the three general conditions mentioned in the Government of India's reference to the Tariff Board as essential before an Industry can qualify for protection.

We give below our reasons for this opinion separately in regard to the different classes of goods affected.

*Goods Manufactured from Shoddy which include over 90 per cent. of the Blankets and Rugs (excluding floor rugs) imported.*—The Indian Industry does not manufacture such goods at all. There is no organisation for

collecting rags for manufacturing shoddy nor is there sufficient material in the country. Goods made from shoddy are different from and essentially inferior to goods made from new wool and cannot be considered as competing directly with them. Any extra duty on shoddy goods would therefore place a permanent burden on the consumer. It is admitted that the cost to-day of manufacturing limited quantities of shoddy blankets in India is about 10 per cent. higher than the cost of similar imported goods including 25 per cent. import duty. Owing to the disadvantages mentioned above it is most improbable that the cost of manufacture in India could be reduced or that the total output could be increased to supply the needs of the consumer. The Government of India expressed this same opinion in 1932 and in our opinion the situation has in no way changed in favour of manufacture in India. In fact the industry in Italy, Germany and Poland has since then improved its organisation for the purchase of rags as well as for manufacture and distribution so that India to-day is at a still greater disadvantage than in 1932.

*Goods manufactured from virgin wool (including mixtures).—*The bulk of Indian wool is only suitable for the manufacture of Carpets, very coarse blankets known as "Kumblis" and coarse tweeds such as are made on handlooms (for the latter there is only a very small market indeed). No wool of the class produced in India is imported. About 50 per cent of the crop is consumed in the manufacture of these goods and 50 per cent is exported for the manufacture of carpets in other countries. The carpets made in India are quite different from those imported from Persia and Asia Minor. The Indian carpet industry to-day is able to supply the Indian market and export a surplus production. It would not benefit in any way by an import duty on carpets. The imports of blankets made from virgin wool are negligible as are the types of tweeds mentioned above.

About 20 per cent. of the imports of woollen piecegoods are coarse serges, greatcoat cloth (army cloth) and flannels which are successfully manufactured in this country. The present revenue duties seem to be adequate protection for the Indian manufacturers of these lines. Reference to the *Indian Trade Journal* will show the number of contracts which go to them at cheaper rates than importers can offer. By efficient organisation the economic output can be greatly increased without additional protection which would be an unnecessary hardship to the consumer. The balance of the imports (excluding bleached woollen muslins from Japan) is made up of goods for the manufacture of which there is practically no organisation in India. They are mostly goods of lighter weight requiring labour with a high standard of skill and efficiency which is not available in this country. There are only one or two mills in India producing such goods (from imported wool and/or yarn) and we understand that their price is about 80 per cent. above the price of similar imported goods.

A duty sufficiently high to render possible the development in India of an industry for the manufacture of these goods would be a tremendous burden on the consumer for whom woollen clothing is an absolute necessity in winter. In our opinion such a burden would only be justified if Indian manufacturers were in a position to show that within a very short time they would be able to hold their own without protection. Even if evidence to this effect were forthcoming it would hardly seem that the present time, when the spending power of the consumer has been greatly reduced, is opportune for materially increasing the cost of an article so necessary to him in winter.

The importation of Japanese Bleached Woollen Muslins has deprived the Indian mills of their market for shawls and lohis. This is the only important line in which the import trade is developing in direct competition with and to the detriment of, the Indian mills. In view of this development which is likely to be extended to other lines of woollen goods now being manufactured in India, we suggest that a quota system be introduced on the basis of the imports from all countries during the last 10 years.



## Delhi Piecegoods' Association, Delhi.

*Letter No. 922, dated the 17th November, 1934.*

It is outside the focus of this Association to go into elaborate arguments as to the necessity or otherwise of protective duties on imported woollen goods in the legitimate interest of the indigenous woollen industry. It is likewise slightly out of place in this connection to discuss the normal import duty on woollens for ordinary purpose of revenue. It should be borne in mind, however, that a reference to both these aspects and points of view may, and perhaps will, be necessary and unavoidable in any very thorough and exhaustive dealing on the subject, and this Association will always endeavour to dwell more at length on these aspects if and as they become necessary. At the present moment we feel called upon to make what might be termed "A negative assertion" with all the emphasis at our command and being fully confident of the excellent reasons therefor; and this negative assertion is to the effect that at the very least there should not be any increase on the present rates of import duty on woollens of 35 per cent. on non-British goods and 25 per cent. on British goods. This Association is further convinced of the justifiability of calling upon the Government to abolish the specific duty of Re. 1-2 per lb. for the simple reason that this duty is entirely misconceived in that a large proportion of imported goods bearing this duty is in no way competing with or clashing against the interests of indigenous manufactures, inasmuch as the total output of the Indian mills is not nearly enough to meet the demands at reasonable prices, i.e., at prices above which the average consumer cannot and will not pay, and such higher prices therefore will simply bring the quantity of consumption, and with it necessarily the revenue, plumb down.

These are two definite demands which we feel justified and compelled to submit in the interest of both the trade as well as the consumer. As has already been stated, at this stage and in this connection, these are the minimum demands with reference to the import duty on woollens and therefore do not by any means constitute all that this Association has, had, or might have to submit on the relevant subject. We feel that at this stage it would suffice to record our general views and assign reasons therefor of a general nature and such as can be stated within the shortest compass.

If the protection and the encouragement of the indigenous woollen industry be the principal object of the high import duties, then the fact should not be lost sight of that the interests of such other classes of the population as are not interested in or represented by the manufacturers of woollens in this country, and which other classes composed of the consumers and of the various classes of the people engaged in the import trade, constitute a much larger proportion of the population as well as of the legitimate avocations pursued in this country, should not be placed in jeopardy by according any undue or disproportionate preference to the interests of a smaller section of the population.

Furthermore, we most seriously contend that should the woollen industry of the country find itself unable to compete against foreign manufactures with the help of such tariffs as specially appertain to non-British imports and even as appertain to British imports, then the industry is indisputably and inherently inefficient and has no normal right to call further upon the resources of the tax-payer. Any industry which merely reckons on being spoon-fed to the extent of demanding more protection than the Indian woollen industry enjoys at the present tariff rates, can never be a source of profit or advantage to the country or to itself, and should be held to stand in need of fundamental reorganisation or rationalisation before it can call upon the country to help it at the cost of the tax-payer.

Then again even if it were possible for the Indian woollen mills to turn out manufactures at prices satisfactory to themselves as well as to the consumers, it would be a long time before anything like the entire demand of the markets in India can be met without considerable quantities of imports. There are certain popular classes of goods in steady demand which are of Continental European make and which are not at all manufactured by Indian mills nor by Great Britain, and therefore the imports of these classes of goods cannot be held to clash with the interests of Indian manufactures or of British trade. Such goods are what are known as shoddy wool manufactures. These goods are extensively used by the middle and the poorer classes of people of this country and are extremely popular owing to the fact that while they are heavy and warm, they are at the same time presentable in appearance and very cheap in price. Now these goods which have been used in this country for a long time are tariffed at the maximum rate of 35 per cent., which has the effect of penalising the poorer classes in an article of necessity, while affording no assistance to either the British trade or the Indian woollen manufacturing industry. This Association has no hesitation in contending that the duty on this class of goods, *viz.*, shoddy wool manufactures, should be considerably reduced in the interest of both the consumer and the trade. In consequence of the above the revenue is not likely to decrease as the lowering of prices of popular goods would tend to increase sales, and such increased sales are bound to more than make up for the deficiency caused by the lowering in the incidence of taxation.

In this connection we have to remember that it is not in all parts of India that wool is of secondary necessity, almost bordering on superfluity or luxury. Such may be the case in some parts of the Madras and Bombay Presidencies. But in the entire plains of Hindustan from the Bay of Bengal to the Afghan frontiers and particularly in Northern India, which is the field of operation and interest of this Association, cheap but heavy and warm and serviceable woollen goods are of sheer necessity against the cold and longish winters, and to deprive the bulk of the population of an article of absolute necessity by raising the prices otherwise than in unavoidable incidence of production or in fair competition of trade would hardly seem justifiable.

It must not be forgotten that the prosperity of a country does not wholly and solely depend on its industry, but equally, if not even more, on its trade and hence the interests of the trade ought not to be sacrificed at the altar of industry. The trade is as much entitled to due protection from the State as the industry. In this particular instance the trade employs a much bigger section of the population than the woollen industry, although the trade has not been so vocal in its demand as the industry. If by erecting high tariff walls the imports of foreign countries are virtually banned how would India be able to dispose of her raw products? The export of Indian raw products is as important for the well being of the masses as the protection of the industries. The fact should not be lost sight of that the Government of India were compelled to make an agreement with Japan almost under compulsion with a view to find an outlay for the Indian cotton. The cry raised particularly in Germany and Italy against the import of Indian raw products should also be borne in mind.

In making these submissions, this Association wants the fact to be noted that it constitutes one of the largest and most influential mercantile group in Northern India with strong interests in the principal markets, representing a vast capital outlay and with resources and commitments involving expenditure on and employment of thousands of people, who are both bread-winners and tax-payers. By virtue of its services to the community and its experience and importance in trade and its large contributions to the Exchequer both directly and indirectly, it feels entitled to a

certain amount of deference in all counsels concerning commercial affairs, and this fact is borne out by the continuous support and approbation it has consistently received from the various Chambers of Commerce and other commercial organisations in this country. While therefore this Association is avowedly in existence in the interest of trade, involving, as has been stated, the interest of a large section of the bread-winner class of the population, it has taken very seriously into consideration the interests of the bulk of the population, viz., the consumers, in viewing the question duties on woollen goods.

### **Association for the Development of Swadeshi Industries, Delhi.**

*Letter No. 7789, dated the 17th November, 1934.*

With reference to the resolution of the Government of India No. 9-T. (2), dated October 20, in which Tariff Board has been directed to hold an enquiry into the claims of Woollen Industry for protection, we beg to advise that we are sending our representation (7 spare copies) under separate cover for due consideration of the Board. If any further information or statements are required we are at your disposal.

Enclosure.

*Memorial submitted by the Association for the Development of Swadeshi Industries, Delhi, to the Tariff Board, for their favourable consideration while considering the question of granting protection to the Woollen Textile Industries in India, as per Resolution of the Government of India in the Commerce Department No. 9/7-2, dated October 20th, 1934.*

The position of the Woollen Industry in India is next to that of the Cotton Textile Industry in its importance to the economic welfare of the country. As a matter of fact it is of greater importance than the sugar, the wire nail, and the steel industries of India which have received a limited protection. Unfortunately the Woollen Textile Industry has so far never received any consideration from the Government of India, and had to fight out its way unprotected against the onslaughts and dumping of powerful foreign countries in the Indian market. In this unequal fight, many Indian manufacturers had to go into liquidation, and some, which have so far escaped a total ruin, are existing on account of the voluntary protection given by the public psychology of the present time—"BUY INDIAN". Without any regard to the comparative prices, the woollen piecegoods manufactured in India has found preference over similar goods of foreign make even though the latter were by far the cheaper than the former. The present Indian manufacturers of woollen goods will not long survive as they cannot depend on purely public sentiment which is always transitory. The movement of Swadeshi—Buy Indian—has had its origin with the political activities of the Indian National Congress, therefore it rises or falls as the activities of the Congress increase or decrease. For a long time Italy has been a formidable competitor, and during the years 1933 and 1934 Japan has also jumped into the market and has made the competition extremely acute. Indian manufacturers are doomed unless a sufficient measure of protection is granted to them immediately. In dealing with the claim of the Woollen Industry for protection, the Tariff Board, in accordance with the directions of the Fiscal Commission, has to satisfy itself:—

- (a) that the industry possesses natural advantages,
- (b) that without the help of protection it is not likely to develop at all, or not so rapidly as is desirable, and
- (c) that it will eventually be able to face world competition without protection.

## WHETHER THE WOOLLEN TEXTILE INDUSTRY POSSESSES NATURAL ADVANTAGES.

While considering this question we have to bear in mind the following four essentials constituting natural advantages for the success of an industry:—

1. Raw materials,
2. Skilled labour,
3. Capital, and
4. Market.

1. *Raw Materials*.—In India sheep-farming is a side occupation of the agriculturists of the Punjab, Kashmere, Baluchistan and other hilly districts of almost all the provinces. All the qualities of wool ranging from the finest to very coarse ones are available. The exact figures as to the quantity of raw wool available in the country cannot be ascertained but from good authority we learn that in the Punjab alone there are more than 4½ million sheep. From the statement No. 1 (appended herewith) which indicates the quantities of raw wool exported from India from 1928-29 to 1932-33, a rough estimate of the quantity of the raw wool in India can be formed. From this statement it would also appear that it is no longer advantageous to India to export her raw wool because the average price of wool in 1928-29 being 13 annas 10 pies per pound, has fallen so low as As. 6-1 per lb. in 1932-33, moreover, it cannot be denied that the more a country exports her raw produce in return for manufactures the less benefit she will get from the Law of Increasing Return.

We therefore conclude that there is an abundant supply of raw materials available in India as the quantity of raw wool exported is far greater than the quantity of the finished goods imported and it is sufficient "to ensure the almost undisturbed possession of the home market and at the same time it will keep open opportunities for large sales abroad"

2. *Skilled Labour*.—The woollen textile industry is one of the oldest industry in India, before the advent of the machine-age, India was one of the principal countries which manufactured woollen cloth, rugs and shawls, so much so, that even now, Kashmere is renowned for its shawls and Mirzapore for its carpets throughout the world. In Kashmere it is almost a cottage industry and some of the finest specimen of shawls and cloth are produced from hand-spun yarn on handlooms. There are also many centres scattered over all the provinces where woollen cloth is produced on handlooms and there are ten big mills having about 2,100 looms and 85,000 spindles. The mills are well organised on modern lines. During the last few years an attempt has been made by the All-India Spinners Association to organise the scattered labour skilled in spinning and weaving. It has been successful to a very great extent in reviving the old knowledge which is self evident from the large range of varieties of tweeds, pachminas, shawl-cloth and patties, made by hand in different designs and qualities, which has been placed in the market.

From this we conclude that skilled labour is easily available on comparatively cheap wages, because in India standard of living amongst the labour is lower than that of the foreign countries.

3. *Capital*.—Capital in India is not shy, but the Indian Capitalists would not come forward unless there is some security offered to them against foreign dumping. It is evident from the fact that the capitalists have risen to the occasion and have very rapidly multiplied the number of the sugar mills producing sufficient quantity of sugar to meet the consumption at home as soon as protection was extended to the Sugar Industry. Capital in India is available and would be forthcoming if protection is extended to woollen industry so as to give a sense of security to the capitalists.

4. *Market*.—In woollen textiles the main requirements of India can be classified under the following main heads:—

- (i) Blankets and rugs.
- (ii) Piecegoods—
  - (a) Lighter varieties such as serges.
  - (b) Heavier varieties such as tweeds, flannels, etc.
- (iii) Worsted yarn for weaving and knitting.
- (iv) Shawls.
- (v) Carpets,
- (vi) Hosiery or knitted goods.

The statements No. 2 to 5 (appended herewith) indicate the quantities imported under the above mentioned heads to meet the demand of the country. In the beginning only a very limited quantity of blankets and rugs of a very high quality was imported from England for the use of Europeans or aristocracy in India. The appendix No. 2 shows the gradual increase in the quantity of imported rugs and blankets from 62,155 lbs. 15,539 rugs (approximately) in 1921-22, to 5,119,678 lbs. 1,279,919 rugs (approximately) in 1933-34. This rise in imports is due to the fact that Italy commenced exporting to India blankets and rugs made of shoddy on cheap rates in attractive designs and during the last two years Japan has also come into the market and is making attempts to introduce inferior qualities in attractive designs on very cheap rates. This increased import every year of blankets and rugs made of shoddy has replaced the cheaper varieties of "Blankets" and also "Lohies" of inferior qualities made on handlooms. The rugs and blankets made by Indian mills directly from Indian wool also considerably suffered in popularity. As a direct result of this about 5,000 looms in Gujrat (Punjab), and many more all over the country and some of the woollen mills had to close down. The blankets and rugs made from shoddy imported from Italy and to some extent from Japan, although very beautiful and attractive, do not wear well and in the long run they are more expensive to an individual consumer than those made in India out of pure wool.

If protection is given against the import of blankets and rugs of cheap variety and specially those made from shoddy imported from Italy and Japan, the handloom industry which has failed in Gujrat, Kangra Valley, Kashmere, Punch Valley and Laddak Valley and also some of the mills which have suspended shall revive and in the near future new factories would come into existence to meet the entire demand of the country as by raising a tariff wall the imports will diminish and market will be available.

*Piecegoods*.—In woollen piecegoods, so far as light goods or serges are concerned, almost all the principal countries have been flooding the Indian market with their products, and are setting up a very keen competition against Indian manufacturers. The recent influx of Japanese worsted serges in the market has threatened the Indian manufacturers to extinction. Japan has taken full advantage of her favourable exchange and organised methods of purchasing wool in large bulks. The imports from Japan in the year 1931-32, were 121,390 yds., but during the year 1933-34 the figure has sprung up to 2,090,419 yds. From what we have observed in this in the local market, we surmise that in 1934-35 the figure will probably swell to eight digits as from the figures available for the five months from April to August, 1934, we find that out of the total imports of 3,360,400 yds., Japan's share is 2,362,824 yds. In case of heavy qualities such as tweeds and flannels the matters are still worse. This variety of goods is generally purchased by the middle and the poor classes. The purchaser of this quality of cloth is generally less intelligent and consequently he finds it hard to distinguish between the pure woollen quality which is really strong and good cloth and the imported goods generally supplied by Italy which are made of shoddy or mixed fabrics. As

the tweeds imported from Italy are softer in touch and brilliant in design, the purchaser of this class is more easily led away by the finish of foreign goods. The tweeds made in Kashmere on handlooms out of pure wool, do not find favour with him although the latter are more durable and more serviceable in winter and at the same time a little cheaper than the former. All-India Spinners Association at Srinagar has done much constructive work in bringing out many designs in Kashmere-tweeds and has been successful in introducing very cheap varieties of tweeds, so cheap as As. 6 per yd. (single width) to suit all pockets but it has not attained a full measure of success because the shoddy cloth even though higher in value is better finished.

We are sure that when protection is given the hand weavers would benefit the most. Those who are still idle will find work.

*Worsted and knitting yarns.*—The Indian Woollen Mills, Limited, of Bombay, Cawnpore Woollen Mills, Limited, Cawnpore, Dhariwal Woollen Mills of Dhariwal, Raymond Woollen Mills of Bombay and Dharamsi Morarji Woollen Mills of Bombay are all equipped with the best English Machinery for producing worsted yarns for weaving and knitting purposes. So far as we know they are making their yarn from Indian wool. If an opportunity is given to those mills by removing the unfair competition they will be in a position to meet the demand of the country for all the qualities of yarn. The discovery of the process of manufacturing artificial wool from Jute by some foreign countries has made the position of these mills more difficult and unsustainable because the yarn produced from a mixture of artificial wool and rayon waste is more attractive and in appearance is just like the yarn made of pure wool. We have in our possession a range of the samples of yarn and cloth made of such mixtures, which if required we shall place at the disposal of the Tariff Board.

*Shawls.*—As for shawls, India imports a very large quantity both of the embroidered and of the plain qualities. The embroidered quality is imported mostly from Germany. The plain qualities are imported from Germany and France and compete against the shawls which are manufactured in the Punjab on handlooms and also by some of the mills. The imported qualities are made of single warp and consequently they feel softer but are not lasting. The Indian Mills have been using double warp and consequently the shawls made by them are more rough but more durable than the imported ones. The price of the imported qualities is lower than the Indian shawls, consequently the consumers very often prefer the former. Japan has also started sending shawls to the Indian market. There has been a gradual rise in the import figures of the shawls during the last ten years with the result that about 9,000 handlooms are lying idle in Northern India alone. Unless there is a check placed on the import of shawls it seems impossible for the Indian manufacturers to regain the lost market.

*Hosiery and Knitted goods.*—The Government of the Punjab took a lead in establishing an institution in Ludhiana to train persons in the art of hosiery and knitting and it has further encouraged the people in the Punjab to starting hosiery industry on small scales. As a result of this a large number of small scale factories have come into existence in the Punjab, besides there are also some big factories which are equipped with modern hosiery plants. Within the last few years a very large range and varieties of hosiery and other knitted goods have been placed by these factories in the Indian market, but Germany and Japan, being more experienced and far advanced in the line, have been dumping so much so, that the Indian industry which is yet in its infancy is reeling under their blows and will not be able to sustain long unless some measure of protection is given.

*Carpets.*—The principal countries which are manufacturing carpets are India, England and America. Only a fine artistic quality of carpets is being manufactured in Persia. Carpets in India are generally made of pure wool. France is exporting to India carpets made from Jute or cotton which are very cheap and attractive. On account of the imported varieties, the ancient industry of India is greatly suffering.

*Conclusion.*—In India, the woollen industry possesses all the natural advantages and has a great future before it. In Japan they have to import wool from neighbouring countries, yet they are so very successful; there is no reason why in this vast country this industry should not flourish especially when there are so many natural advantages in its favour which other countries importing their goods into India do not possess. The most natural question which would arise at this stage is "how is it that with all these natural resources at her command India should have lagged behind other countries?" The answer to this question is very simple. During the regime of East India Company high tariff walls were raised in England against Indian merchandise and when industries in England, which were at that time in their infancy were growing the doctrines of *Laissez Faire* and Free Trade were adopted for India. Tariffs were imposed only in India for the purposes of revenue and not for the protection of her nascent industries. This policy was continued by Government of India even much later than 1910 when Sir G. Fleetwood Wilson while introducing his financial statement imposing additional taxation disowned all ideas of imposing duties for protective purposes as would be evident from the quotation of his speech at the time:

"I hope I shall not be charged with framing a Swadeshi Budget in the sense which may be seen indicated on Bryant and Mays match boxes (Support Home Industries) I think swadeshi is good; and if the outcome of changes I have laid before the council result in some encouragement to Indian industries, I for one, shall not repent it, but I would emphasise the fact that the enhanced custom duties are attributable solely to the imperative necessity of raising additional revenues."

It is for the first time in 1920 that there was a relaxation in the doctrine of free trade when in February, 1920, in moving, the Viceroyal Council, for the appointment of a committee to examine trade statistics and to report whether or not it was advisable to apply to the Indian customs tariff a system of preference in favour of goods of Empire origin Sir George Barnes for the first time made it clear that the time had arrived to re-examine the question of tariffs from a different point of view. So until the year 1921, no protection whatsoever was afforded to any of the industries in India unless it was by an accident.

During this long period other countries, specially Italy and Japan increased their woollen industries to stupendous heights and started importing into India all varieties of cheap woollen textiles while the half-starving industries in India were extinguishing in quick succession during the period.

It is on account of a persistent policy of the Government in keeping India as an open market to all the nations that the Industries in India and specially the woollen industry could not grow as in other countries.

**(B) THAT WITHOUT THE HELP OF PROTECTION IT IS NOT LIKELY TO DEVELOP AT ALL, OR NOT SO RAPIDLY AS IS DESIRABLE.**

We have already discussed some of the salient points relating to this aspect of the case, while discussing the question of "Market" and the reason why this industry could not succeed in India inspite of all the natural advantages in its favour.

While discussing this question whether woollen textile industry is likely to develop at all we have to take into consideration the analysis of the cost of production of the present day and also to what extent it can be reduced, and doing so we shall be indirectly discussing the third (3) important point "that it will eventually be able to face world competition without protection" we therefore propose to take up both of these points together.

While considering whether this industry deserves protection the most important factor to be considered is the position of the relative costs under *normal conditions*. Italy and Japan, which have made a very keen competition in the Indian market against the country made woollen goods, are the countries where wool is not locally available but they have to import wool for

the purpose of manufacturing goods, from other countries naturally the cost of production of goods in Japan and Italy cannot be lower than that in India under normal condition. Since the abandonment of the Gold standard by many countries in succession, there has been a great fluctuation in the foreign rates of exchange. Japan took a judicious advantage of the position and the fluctuation in the money-market, and herself abandoned the gold standard at such a moment as was the best suited for the industrial advancement of the country. By careful manipulations in exchange, she was successful in acquiring a very large quantity of raw wool at extraordinary low rates. Under these extraordinary circumstances the position of relative costs at the present time should be taken into consideration.

Under normal condition the cost of production in India would certainly be favourable. Since the year 1921 the woollen industry in India has not been allowed a full scope and had to face a very keen competition with the foreign countries which took full advantage of the foreign rates of exchange and continued dumping their goods in the Indian market and at the same time during this period they carried on their research work and discovered "artificial wool" and methods of production of woollen textile from shoddy and mixed fabrics. During all this time the Indian manufacturers suffered heavy losses and consequently could make no improvements to stand the competition. If protection is granted to this industry for a sufficient number of years the Indian manufacturers would be able to assimilate modern methods of production and will be able to work to their full capacities and devote more time in improving their products and at the same time lower their cost of production than it is now. Protection to the woollen industry will not only help the Indian manufacturers but it will go a great way in improving to condition of Indian agriculturists, those who have adopted wool weaving and spinning as a side occupation and also those who are carrying on sheep farming. The latter will find a ready market for their raw wool at home at a better price than they get by exporting it to England to be sold by auction at the Liverpool market.

*Additional advantages which India would derive from protection.*—In Statement No. 5 (appended herewith) it would appear that India in the year 1932-33 exported 32,249,000 lbs. of raw wool for a declared value of Rs. 1,33,29,000 and in the same year imported woollen goods (including goods made of shoddy and artificial wool), 14,314,000 lbs., at a value of Rs. 2,61,70,000. Similarly in previous years the relative proportion of exported raw wool and the imported finished product is almost the same. This gives an average of export of raw wool at an average cost of As. 6-1 per lb., and import of wool in the form of finished products at an average cost of Re. 1-13-3 per lb. Again by comparing the quantity of the raw wool exported and the quantity of the finished product imported we find that in the year 1932-33 the proportion is 16 : 7 and in 1928-29, it is 7 : 2. From these figures we conclude that India is sending out at an average 3 times the quantity of raw material at one-fifth of the price she has to pay for the same quantity of finished product. If instead of exporting the raw material India was to export finished products she would fetch five times the value for her wool and the total gain would have been in the year 1932-33, about 5 crores and in the year 1928-29, about 20 crores.

We therefore come to the conclusion that it is not in the interests of India to export her raw wool and send it to the Liverpool market to be auctioned but the country's best interest would be served if India is to utilize her raw material and convert it into finished goods and then sell it in countries where natural raw wool is not available. This would ultimately lead to India's prosperity.

2. Protection would lead ultimately to the welfare of the villagers in India because sheep farming would become all the more lucrative than it is at the present time. Mr. R. Banford, M.R.C.V.S., I.V.S., livestock expert of the Government of Punjab, has expressed his opinion that sheep farming is lucrative and there is a great scope of improving the



existing qualities of wool by cross-breeding Indian sheep with Australian marino sheep.

Before we close, we wish to place the fact before the Tariff Board that India is importing very large quantities of secondhand and cast off garments and blankets which are sold in the market. As there is no separate head provided for it and it is included under the general heading "apparel" we are unable to form an exact estimate of the quantity or value of its import. We can only say that India is probably the only country where such a commodity is allowed to enter. Even in Africa it is not admitted. This very adversely affects the woollen textile industry because these secondhand garments and blankets are sold at extraordinarily low prices so much so that an overcoat can be had for about Rs. 2 each, the sewing charges of which alone would be more than the value paid for it. The import of such products should be totally banned or at least a prohibitive duty should be imposed. It is an insult to the self-respect of India that such articles should have been or should in future be permitted into the country.

Another point, we wish to lay stress on, is the fact that during the Great War, when import of woollen goods was exceedingly difficult and the demand of woollen piecegoods for military purposes had risen very high, the manufacturers in India had successfully met the demand. There is no reason why they should fail to meet the country's demand if the import of woollen textiles diminish on account of protection tariff.

India is described as an agricultural country where a majority of her population is dependant on agriculture. Failure of crops is followed by untold miseries, privation and general slump in trade and commerce. No remedy for the evils of famines could be complete unless diversities of occupations be introduced which would draw the surplus population from agricultural pursuits and lead them to find the means of subsistence in manufactures. Unless there is co-ordination of agricultural and manufacturing industries, India's economic position shall not improve. With the exception of the great ports and one or two inland industrial towns, there are no great industrial centres in India, and the towns of Northern India have been for years in a state of industrial decay. What is wanted urgently is a period of industrial reconstruction in India which might stimulate the growth of new inland towns and the revival of some of the old cities.

Industrial reconstruction in India will readily affect the national temperament and character of the people. The buzz of industries, the increased profits and earnings of the people, would change their mental outlook and would restore feelings of self-confidence. When industries become thriving, they open the gate-way of various occupations of various kinds to all men, and every man can take up that which suits him best and people are stimulated to work and enterprise.

Protection to woollen industries in India will be another step in the right direction towards industrial reconstruction. It would afford a permanent insurance to agriculturists against famine, and bring about revival of many industrial centres in the Punjab, Rajputana, Kashmere and United Provinces.

The woollen industry in India is very old, but it is suffering from temporary atrophy and should be regarded as an infant industry *pro tempore*. In India, there is a class of efficient entrepreneurs trained up, the capital is accumulated which is self-evident from the fact that there has been a great fall in the Bank-rate of interest, a skilled labour force is in existence—all these facts show that protection should be given for the advancement of this industry.

We recommend that effective protection should be given to the woollen industry in India for at least 20 years to enable it to stand the world competition.

Should any of the portions of our memorial seem obscure requiring further explanation, we shall willingly send our representation to appear as a witness before the Board when it is holding its sitting in Delhi or at a place near about Delhi, when we shall place before the Board a collection of samples to illustrate our assertions made in this memorial. We earnestly hope that this memorial will receive its due consideration and will be helpful to the Hon'ble Member of the Board in arriving at a definite decision on such a momentous problem as the claims of the woollen industries in India to protection.



नमो भगवते वासुदेवाय

## STATEMENT No. 1.

Raw wool export from India.

	Quantity in lbs.					Value in rupees.				
	1928-29.	1929-30.	1931-32.	1932-33.	1933-34.	1928-29.	1929-30.	1931-32.	1932-33.	1933-34.
Raw Wool	59,424,000	50,366,000	41,265,000	32,249,000	..	4,88,54,000	4,42,22,000	2,77,25,000	1,23,29,000	..
Carpet and Rugs.	5,165,000	4,636,000	4,767,000	5,963,000	8,452,000	94,22,000	85,02,000	56,72,000	63,50,000	72,67,000
Other sorts	..	..	..	..	..	7,95,000	6,30,000	2,76,000	4,31,000	..
Total	61,589,000	55,002,000	46,032,000	38,212,000	8,452,000	5,90,71,000	5,33,54,000	3,36,73,000	1,91,10,000	72,67,000

## STATEMENT No. 2.

Indian imports of woollen blankets and rugs.

Year.	United Kingdom.	Germany.	Belgium.	France.	Italy.	Other Countries.	Value in rupees.	Total.
1921-22	lbs. 30,899	lbs. 4,105	lbs. 340	lbs. 22,210	lbs. 30	lbs. 4,571	..	lbs. 62,155
1922-23	101,807	6,590	6	1,661	25	12,446	..	122,535
1923-24	486,651	33,575	451	45,483	8,250	10,516	..	584,226
1924-25	804,714	55,055	9,929	32,019	14,792	21,725	..	938,234
1925-26	860,305	356,538	9,050	75,532	76,930	70,071	..	1,448,426
1926-27	539,836	563,118	21,969	98,036	172,388	25,756	..	1,421,103
1927-28	266,237	643,281	54,559	35,895	524,309	63,544	..	1,587,625
1928-29	278,894	842,370	2,376	296,765	956,950	28,000	..	2,405,455
1931-32	..	..	..	..	..	..	18,74,846	2,411,373
1932-33	..	..	..	..	..	..	33,97,222	4,177,079
1933-34	..	..	..	..	..	..	40,02,294	5,119,678

## STATEMENT No. 3.

*List of woollen piecegoods imported into British India.*

From	Quantity in yards.			Value in rupees.		
	1931-32.	1932-33.	1933-34.	1931-32.	1932-33.	1933-34.
United Kingdom . . . .	1,311,889	2,798,737	3,181,372	24,77,685	52,47,579	57,44,260
Germany . . . . .	254,634	461,902	399,137	4,15,388	8,76,150	6,47,809
Netherlands . . . . .	88,125	59,122	33,942	2,38,922	1,59,746	87,242
Belgium . . . . .	78,934	504,251	539,764	1,48,186	5,85,871	4,58,757
France . . . . .	2,036,216	4,561,869	2,742,856	16,10,046	34,29,798	14,43,029
Italy . . . . .	1,385,838	3,606,617	2,123,412	15,16,208	42,10,113	22,62,206
Japan . . . . .	121,390	1,412,661	2,090,419	72,719	7,78,404	15,47,222
Other Countries . . . .	238,526	541,602	425,014	3,95,623	8,24,884	5,36,263
Total . . . . .	5,515,554	13,946,761	11,535,916	68,74,776	1,61,12,545	1,30,26,785

# STATEMENT No. 4.

## Import of yarn and knitting wool in India.

	1928-29.		1929-30.		1930-31.	
	Quantity in lbs.	Value in rupees.	Quantity in lbs.	Value in rupees.	Quantity in lbs.	Value in rupees.
Worsted Yarn	..	..	486,000	10,69,000	569,000	11,03,000
Knitting Wool	..	..	598,000	19,19,000	538,000	14,34,000
Total	1,080,000	34,22,000	1,084,000	29,88,000	1,107,000	25,37,000

	1931-32.		1932-33.		1933-34.	
	Quantity in lbs.	Value in rupees.	Quantity in lbs.	Value in rupees.	Quantity in lbs.	Value in rupees.
Worsted Yarn	568,000	9,04,000	912,000	15,13,000	837,000	12,18,000
Knitting Wool	739,000	14,09,000	996,000	17,97,000	810,000	13,44,000
Total	1,307,000	23,13,000	1,908,000	33,10,000	1,697,000	25,62,000

1928-29.	1929-30.	1931-32.	1932-33.	1928-29.	1929-30.	1931-32.	1932-33.
Quantity in lbs.				Value in rupees.			

## Import of raw wool into British India.

601,800 | 6,555,000 | 6,691,000 | 7,186,000 | 49,53,000 | 51,71,000 | 31,09,000 | 42,12,000

## Import of hosiery into British India.

420,000 | 409,000 | 157,000 | 266,000 | 20,06,000 | 20,04,000 | 6,69,000 | 6,93,000

## Government Stores.

.. | .. | .. | .. | 11,89,000 | 13,06,000 | 6,95,000 | 7,35,000

STATEMENT No. 5.

	1928-29.		1932-33.	
	Quantity in lbs.	Value in rupees.	Quantity in lbs.	Value in rupees.
<i>Export of raw wool.</i>				
Raw Wool	56,424,000	4,88,54,000	32,249,000	1,23,29,000
Carpet and Rugs	5,165,000	94,22,000	5,963,000	63,50,000
Other Sorts	....	7,95,000	....	4,31,000
Total Raw Wool	56,424,000	4,88,54,000	32,249,000	1,23,29,000
Manufactured	5,165,000	1,09,17,000	5,963,000	67,81,000
Grand Total	61,589,000	5,90,71,000	38,212,000	1,91,10,000
<i>Import of woollen goods.</i>				
Piecegoods	7,992,000	2,84,03,000	8,973,000	1,61,13,000
Raw Wool	6,018,000	49,53,000	7,186,000	42,12,000
Yarn and Knitting Wool	1,080,000	34,22,000	1,908,000	33,10,000
Hosiery	420,000	20,06,000	266,000	6,93,000
Other Sorts	5,670,000	68,65,000	4,591,000	38,33,000
Government Store	....	11,89,000	....	7,35,000
Carpets and Rugs	348,000	9,52,000	188,000	4,02,000
Shawls	937,000	57,86,000	388,000	10,84,000
Total manufactured goods	16,447,000	4,64,22,000	14,314,000	2,61,70,000
Raw Wool	6,018,000	49,53,000	7,186,000	42,12,000
Grand Total	22,465,000	5,13,75,000	21,500,000	3,03,82,000

### **Hindustani Mercantile Association, Delhi.**

*Letter dated the 5th December, 1934.*

I am instructed to bring to your notice that my association consists of merchants, importers and commission agents mostly doing business in cotton and woollen goods. The membership consists of about 500 members (firms) in this Association.

My Association in its meeting held on 1st December, 1934, considered the recommendations made in their letter dated the 17th November, 1934, by the Honorary Secretary, The Delhi Piecegoods Association, Delhi, and passed a resolution to the effect that my Association fully endorses the views expressed by the said Association in every respect and strongly urges the Board to give effect to those proposals.

### **Blanket and Shawl Traders' Association, Calcutta.**

*Letter dated the 12th December, 1934.*

**Re. PROTECTION TO WOOLLEN INDUSTRY.**

I am directed by the Committee of my Association to inform you that this Association views with grave alarm and concern the recent demand for protection to Indian Woollen Industry made by a few interested members of the Bombay Millowners' Association and to register the most emphatic protest of this Association to the grant of any such protection for reasons of economic welfare of India.

For one thing, the woollen industry is not at all a key or basic industry as claimed by the petitioners. The import trade in woollen goods is by far more important than the woollen industry itself. Any protection to the former will naturally mean ruination of the latter and the serious economic consequences of such a false step will be readily realised.

The protection to the woollen industry will benefit a few capitalists, who will feed fat on the poor consumers, whereas it will dislocate the trade in woollen goods depriving a far greater number of persons engaged in it of their legitimate remunerations.

From the consumers' point of view the matter assumes a more serious aspect. The products of the Indian woollen mills are used by comparatively richer people who can afford to pay a little higher price, if necessary, for the safety of the industry admitting for arguments' sake that the Indian woollen mills do require more substantial patronage.

But the users of the imported woollen goods are poor people, the dumb millions of India, who are enjoying the blessings of cheap products. Any enhancement of price of these goods necessitated by the grant of protection will be a burden on them. They are already ill-fed and ill-clad and it will be sheer cruelty to deprive them of their only equipment for the winter a piece of blanket or rug and allow them to run the risk of exposure to cold.

Furthermore, any grant of protection to the woollen industry chiefly identified with woollen mills, will adversely affect the handloom woollen industry which is very much before the public eye at present, now that even the Government has taken practical steps to promote this important cottage industry, it will be simply ridiculous to take away with the left hand what is given with the right.

Lastly, any grant of protection to the woollen industry might easily throw out of employment a very large number of persons engaged in trade in woollen goods at this time of widespread economic distress which situation will surely add to the existing discontent in the country.

Taking all the above factors into consideration, it will be safe to conclude that the grant of protection to the woollen industry will result in imaginary

profit—if at all—whereas its all-round economic consequences cannot be anything but disastrous to the country and general public.

### **Karachi Indian Merchants' Association, Karachi.**

*Memo. dated the 19th December, 1934.*

(By Rai Bahadur Shivratan G. Mohatta.)

My personal views which are shared by my colleague are that the existing customs duty on foreign woollen cloth should be increased by about 10 per cent. and a corresponding excise duty be levied on the woollen mills. The amount thus realised from the mills by way of excise duty should be distributed as a subsidy to recognised organizations that produce hand made woollen cloth and depôts should be opened in wool producing districts such as Thar Parkar, etc. The individual manufacturer of hand made cloth should sell his finished cloth to these depôts and receive the value of his cloth, *plus* subsidy from them.

In this way, not only the mills will continue to be protected against foreign competition but the handloom industry will also get a great impetus and support.

The consumer of foreign or Indian made woollen cloth will not mind to pay a slight increase in price because he will have the satisfaction of his poorer brothers getting the benefit of his sacrifice by way of a subsidy derived from the excise duty on mills.

Moreover, it is an admitted fact that improved quality of wool should be produced in India. This can only be done if special attention is given to sheep breeding by opening breeding farms in wool producing provinces like Sind and Rajputana, etc. For this purpose, it will also be necessary to leave adequate pasture lands for grazing purposes.

Private enterprise for improving sheep breeding will never come forward unless there is a demand for Indian wool from the mills. The Indian mills will not take up the wool produced in the country so long as the price for Australian wool is not made higher.

It is therefore advisable that some small duty should be levied on imported wool used by the mills. The amount thus realised from this together with a subsidy granted by the Government should be spent on improving sheep breeding. This is a very important matter and require immediate action.

In my opinion if the above suggestions are adopted, it would not only mean the encouragement of sheep breeding and protection to the handloom industry but protection to the mills will also be increased as sought for.

### **Bombay Woollen and Fancy Cotton Piecegoods Merchants' Association, Bombay.**

*Letter dated the 13th February, 1935.*

I am directed to enclose herewith for your information copy of a letter and telegram addressed by my Association to the Government of India.

*Copy of a letter dated the 13th February, 1935, from the Bombay Woollen and Fancy Cotton Piecegoods Merchants' Association, to the Secretary to the Government of India, Department of Commerce, New Delhi.*

I have the honour to confirm my telegram of the 6th instant reading as below:—

“My Association views with great concern the dumping of Japanese Woollen Piecegoods during last two years in Indian Market and considers



it greatly prejudicial to the interest of the members of this Association and to the general interest of woollen trade in India. The Association prays for immediate action to check imports of Japanese Woollen Piecegoods.

(2) The position of the woollen merchants in Bombay has been rendered extremely difficult by reason of the volume of imports and prices at which Japanese woollen piecegoods have recently been imported into India, and the Association urge that immediate steps should be taken by the Government of India to remedy the situation."

### **Woollen Yarn Dealers and Manufacturers of Woollen Goods of Jalalpur Jattan.**

*Letter dated the 18th December, 1934.*

We the undersigned Dealers in Woollen Yarns and Manufacturers of Woollen Goods take great pleasure in expressing our thanks for giving us this opportunity of laying our views regarding the Woollen Industry at our place and to present the following facts before you:—

Jalalpur Jattan as a city is not very large but its importance for shawls and other manufactures is widespread due to its goods being in demand throughout the country. Therefore as an industrial centre for woollen goods it occupies a third place coming immediately next to Amritsar and Ludhiana as may be gauged from the fact that about 10,000 persons out of a total population of 13,000 are employed in the industry with a capital investment of over 20 lacs of rupees, the number of handlooms actually working are over 3,000.

It would not be out of place to mention that Jalalpur Jattan is a very old industrial centre for woollens and has only changed from manufacturing very costly "Doshallas" to comparatively cheaper stuffs "Dhushas" and "Chaddars". The Industry was in a very bad condition prior to the imposition of specific duty since which it has improved marvelously.

The qualities of yarn we use mostly are 75 per cent. of 64/2 merinoes and 25 per cent. of 32/1.

Being laymen it is not possible for us to present any technical aspect or other statistics before you, but we beg to place before you our considered opinion that the imposition of any duty on yarns will not only militate against the carrying of this industry but will actually smother and kill it, for the simple reason that Japan which is noted for unfair competition and cheap labour will find ways and means to transform all her woollen yarn (which in the case of a high tariff wall will be shut out from India) into goods and flood Indian markets to the detriment and ruin of our industry.

This fact may be stated that during the boycott movement when goods made from indigenous yarns were in heavy demand, we tried our very best to procure Indian spun yarns but all our efforts proved futile because of the Indian woollen mills could not produce the desired qualities and counts. The Indian mills may supply coarser yarns from cross-bred wool up to 32/1 and that too is inferior in quality and much higher in price to the imported yarns.

Realising that the future of this industry depends on the findings and recommendations of your Board, we do hope that in view of the facts advanced above you will strongly recommend to the Government to decrease (if possible) even the present duty imposed on woollen yarn as this step will greatly further foster it, and to maintain the specific duty in imported woollen manufactures same cannot be raised....

**Mr. Kidar Nath, Lahore.**

*Memorandum regarding grant of protection to Woollen Textile Industry submitted to the Indian Tariff Board at Lahore on the 12th December, 1934.*

I own two Cloth Stores called the 'Indian Stores' and the 'Punjab Swadeshi Stores' at Lahore. In both these concerns only cloth manufactured in India is sold. Foreign goods are not stocked by us. The Indian Stores is the pioneer Swadeshi Stores at Lahore established some 20 years ago.

I am also Secretary to the Lahore Cloth Merchants' Association.

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Enclosure.

1. There is indeed a very large demand for Woollen Cloth especially in the Punjab and North-West Frontier Province. Unlike Bombay and South India where Woollens are worn more as a fashion, in this part of the country wearing of Woollen Cloth and use of Woollen Blankets is more a necessity due to extreme cold in the winter season. Rough Woollen Blankets are even seen in the villages. In towns, however, men, women and children all wear woollen cloth.

2. Lahore is an important retail market for the sale of Woollen Cloth, blankets and knitting yarns. In fact this city is second to none in the whole of India in its consumption of Woollen piecegoods, blankets, and knitting yarns. The use of Woollens has been increasing in the Punjab, and except in the case of extreme poverty-stricken (even they often buy an old Woollen Coat) every man needs at least one Woollen Coat, and every woman a Woollen Chaddar. In case of middle classes and richer people the consumption is much more. Not only do they need Woollen Cloth for Shirtings, and Suitings for various occasions, but also for Over-coatings, Ladies Suitings, Chaddars and Blankets and Rugs besides Woollen Hosiery.

3. There is no doubt, therefore, that in India there is an ever-increasing home market specially in the North for Woollen Piecegoods and Knitting Yarns. These goods will even be used by villagers. Besides for rougher qualities like Patti Cloth, rough blankets, and even Tweeds, Indian Wool (raw material) is found in large quantities in Bikanere, Fazilka, Kulloo, and Kashmir. At Kulloo even finer qualities of Wool can be had. The Kashmir Pashmina Wool though found in smaller quantities, is perhaps the most superior of all Wools. But the fact remains that in the absence of proper grading, which results in mixing up of all kinds and colours of Wool found in the Indian markets, and the lack of superior type of sheep, better and finer qualities of Woollen Cloth like Worsteds, Flannels and Rugs, etc., cannot be manufactured from Indian Wool at the present. But for such cloth the raw material can be imported from Australia whence it also goes to European Woollen Manufacturing countries and Japan. At present too, the Cawnpore Woollen Mills, Cawnpore, the New Egerton Woollen Mills, Dhariwal, and the Indian Woollen Mills, Bombay, must be importing Australian Marino and Cross-breed Wool for better cloth like Worsteds, Flannels, and Rugs, etc. There is no difficulty therefore for raw material. It exists in plenty for cheap goods, and it can be imported from the only country which supplies raw material even to advanced Wool manufacturing countries, for higher goods.

Labour and power can no doubt be had in plenty, quite cheap and sufficient. Hydro-Electric in the Punjab can supply abundance of cheap power now. The Industry, therefore, amply satisfies the first condition laid down by the Indian Fiscal Commission in paragraph 97 of their report.

4. The Industry, however, cannot develop without the help of protection. For last two or three years Japan is invading the Woollen Market in India. This year the competition with Japanese goods has become very keen. They have marketed three kinds of cloth; superior or heavy Worsted for Gent's Suitings; inferior or light Worsted for Ladies Suitings; and Flannels. In the local market these are being sold at Rs. 3 to Rs. 4, Rs. 1-8 to Rs. 2-4, and Rs. 2 to Rs. 3 per yard respectively in retail. Knitting yarns are being sold at Rs. 1-15-6 per lb. for 4/9 yarn, and Rs. 2-15-6 per lb. for Crocket Wool. The Indian Woollen cloth on the other hand, manufactured by the three mills named above is priced between Rs. 5 to Rs. 6 Gent's Suiting, Rs. 3 to Rs. 4 Ladies Suiting, Rs. 3-8 to Rs. 5 Flannels, and Rs. 3-1 and Rs. 4-6 per lb. Knitting Yarns. The result of this has been a good deal of slackening of demand for Indian Woollen Cloth. The stock of such cloth and yarn is accumulating at all shops. The sales are not even 50 per cent. of what they were two years ago. In case of Ladies Suiting especially the competition of Japanese goods is all the more keen. It is becoming almost difficult to sell any Indian stuff in this line compared to the stuff Japan has marketed. This side of the business has also hit handloom and small power-loom factories which used to weave Marina (light weight worsted) from imported yarn.

5. There was a time some ten years ago when we could get Indian inferior and rough Woollen cloth only for sale. Though Cotton and Silk piecegoods of even superior qualities could be had to satisfy all tastes, yet there was deficiency in Woollen Cloth. The Dhariwal, Lalimli, and even Indian Woollen Mills, have now considerably improved their products, and are improving every year. These are, however, the only three factories worth the name manufacturing better types of Woollens. In Lahore their products, and those of small factories (which have no spinning plants of their own) are imported. There is, however, need in the Punjab itself for at least a dozen more factories. With the grant of protection capital will flow towards this Industry just as it has flown towards sugar manufacture. But as the demand for Woollen goods is seasonal, and as it requires locking up of greater capital both in raw material, and finished products for a long time, greater security is needed to attract capital. But with due protection even Punjab may have factories equipped with modern and up-to-date machinery. The present factories will also develop and instal modern processes and machinery to decrease cost and increase the output. So that after say 10 or 15 years the Industry may be in a position to stand on its own legs and face the world competition.

6. Regarding Woollen Cloth the protection ought to take the form of an increase in the rate of *ad valorem* duties by about 15 to 20 per cent. on the existing rates, in the case of all foreign Woollen Cloth, Blankets, and Knitting Yarns, whether pure or mixed, other than Japanese. In case of Japan Goods *ad valorem* duties will not do. Therefore duty by weight say about Rs. 1-8 per lb. be levied on both pure and mixed Woollen Cloth, Blankets, and Knitting Yarns.

The case of Woollen yarn used in cloth is somewhat difficult, though in this case also Japan has flooded the market with cheap yarn. Yet if protective duty is levied on yarn, it may result in higher costs to small factories which have no Spinning Plants of their own. Besides Woollen yarn is prepared by very few concerns in India. If therefore a bounty is given to the producers of Indian Woollen yarn out of the proceeds of protective duties on Woollen Cloth, etc., it will stimulate the growth of that necessary side of the business as well, without increasing costs to small weavers of Woollen Cloth.

Side by side with the protective duties if under the aegis of the Imperial Council of Agricultural Research, the quality of Wool in India is improved, it is graded, and kept distinct, India can no doubt develop a first rate Woollen Industry giving employment to thousands of workers in factories, and peasants in their villages.

**Messrs. Diwan C. Mehra & Co.**

*Letter dated the 12th February, 1935 to the Hon'ble Sir James Grigg,  
Finance Member to the Government of India.*

**Re RATE OF IMPORT DUTY ON NON-BRITISH WOOLLEN YARN.**

Just a few lines to suggest for your consideration that the rate of import duty on non-British woollen yarns with effect from the next financial year be made "specific" instead of on the invoice value just as at present, for reasons "inter alia" the following:—

1. The assessment of import duty on invoice value is a temptation for the importers to have their goods "under invoiced" to save duty. Most of the Indian importers have branch offices in Japan and we have reason to believe that this is being resorted to on a very extensive scale both by Indian and Japanese importers.

2. The assessment of duty on invoice value is fair neither to the exporting countries, nor to the Government of India and nor to the import trade of India. Supposing for instance France is able to sell woollen yarn at only 10 per cent. dearer than Japan. The consumers here are inclined to pay only 10 per cent. dearer price for French products as compared with Japanese goods, say for better quality of spinning, etc., but no more. But French yarn would incur a further import duty of 30 per cent. on this 10 per cent. In other words the Government of India unintentionally grant a "bounty or subsidy" to the Japanese goods. Take a second instance "X" buys Japanese yarns in Yens but on the same day "Y" buys Japanese yarn in Rupees. By the time the goods reach India the Yen exchange has depreciated say 6 per cent. The result is that the party who bought in Yens will have to pay about 2 per cent. less of duty than the party who bought in Indian currency. Japanese markets are famous for frequent fluctuations of a very wild order. Importers operating only a week or so before or after may buy goods 25 per cent. dearer or cheaper but to that extent they will be further penalised or benefitted in duty to that extent. So you will agree that the present method of assessment is fair to none.

As for the rate, in our opinion, a specific rate of say twelve or fourteen annas per lb. should do. The imports of woollen yarn, especially from Japan, during the last year or two have expanded, enormously. Further wool is one of the few raw materials whose present level of price is substantially lower than the pre-war rate. So this class of goods can bear this extra taxation with impunity. Further, it will incidentally assist Indian Spinning Industry and also to some extent imports from England might improve.

Hoping to be excused for the liberty of addressing you in this unwarranted manner.

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**Mr. Maganlal Bhikhabhai, Ahmedabad.**

*Letter dated the 14th March, 1935.*

**Subject:—PROPOSED PROTECTION TO WOOLLEN INDUSTRY.**

I venture to address this representation to you in the hope that it will reach you in time and serve its humble purpose in supporting and endorsing the countrywide demand for protection to the Woollen Industry.

Being a keen student of the Textile Industry and watching as I do its progress from day to day I have been long since impressed with the urgent necessity of granting some protection to the Woollen Industry of the country. The very strong case put forth by the Industry resulting in the appointment of a Tariff Board Inquiry raised hopes and led every one to believe that some protection will be granted as a result of the inquiry.

It will not be out of place here to mention that I have recently purchased the Maharani Woollen Mills, Baroda, and my study of the records of the Mills lead me to believe that if there was any one single cause above all others which was mainly responsible for the failure of this concern it was the cut-throat foreign competition. I have since then made inquiries in various quarters and the result has but confirmed the above impression.

It is a question of paramount importance, Sir, that the country should be self-supporting in so far as its woollen requirements are concerned. Attempts have been made to start the industry in the country but barring one or two solitary instances their legitimate growth was checkmated by undue foreign competition. It makes a very tragic and painful reading to see the small nascent industry just managing to stand on its legs being strangled to death without protection.

The protection now sought to be granted is rather long overdue and as a matter of fact should have been granted long before. Again if the protection now granted is to save any useful purpose it must be sufficiently substantial and for a definitely long period so as to allow the industry to grow and develop strength to resist attacks from foreign vested interests. In particular I would stress the necessity of protecting the manufacture of rough goods such as blankets, rugs, etc. I may add that in granting this protection the investors' interests should be your first care because it is they who are to lose should the protection granted be not up to the requirements of the situation or if it be not for a sufficiently long duration. It is hardly necessary for me to mention here that if there was anything that made me to invest and take the risk in this line it was solely in anticipation of the sufficient protection being granted as a result of your inquiry.

### **The Hon'ble Mr. Hossain Imam, Gaya.**

*Memo. dated the 17th November, 1934.*

#### **SUGGESTIONS FOR THE SCHEME OF PROTECTION OF INDUSTRIES SPECIALLY WOOLLEN GOODS.**

*Reduction of Cost.*—The Tariff Board should always be guided by the principles laid down in paragraph 97 of Indian Fiscal Commission report.

Though previous Tariff Boards have attempted to justify protection on the aforesaid principles yet with the possible exception of the report on Steel Industry the 3rd condition has not been fully satisfied.

It is not sufficient to make a general remark that improvement in Technique and machinery may bring down costs or reduction in wages and cost of raw materials may cheapen the resultant product.

The Tariff Boards should make a detailed study of the subject of future cost and recommended constructive suggestions for reduction of cost during protective period. I would even go further and submit that power should be given to Government to see that those recommendations are given effect to according to schedule, and in default thereof a punitive excise not less than  $\frac{1}{4}$  and not more than  $\frac{1}{2}$  of the customs duty should be levied on the defaulting manufactures. I would prefer to have a few well managed institution than a host of struggling Industries which would be like mill-stones round our neck.

*Managing Agency.*—In the second place I would recommend the inclusion of a prohibitive clause with regard to the commission and remuneration of the managing agents.

Those firms who do not wish to come under this clause will have to pay the difference between the protective and revenue duties in the shape of special excise.

Those who wish to have the benefit of the protection will have to submit to the rules about managing agency profits. The rules should firstly lay down prohibition of basing commission on productions or sales. Secondly it should be a percentage of net profits after deduction of depreciation excise, interest, etc., etc. I would personally limit it to 6½ per cent. of net profits. Thirdly the managing agent or firms in which they are interested should not enter into any contract or perform any service without the sanction of Board of Directors and a list of all such transactions with the amounts thereof, should be published in the yearly accounts. Fourthly the protected industry will have to submit full accounts of depreciation fund utilisation and managing agency commission to the Government of India.

*Principles of Taxation.*—It is a cardinal principle of Taxation, that its incidence should be lightest on those who are comparatively poor and heaviest on the rich who can well afford to pay. In vindication of this basic axiom of Taxation, the Government of Great Britain had held various enquiries in the past. The Government of India too formed the Taxation Enquiry Committee under the Presidency of Sir Charles Todhunter to investigate this matter.

This Committee in no uncertain terms recommended that when the burden of Taxation was falling on poor people it should be shifted to middle and upper classes. It vehemently opposed the shifting of Taxation from the upper to the lower classes.

The Government has paid no heed to this sultry advice and the Tariff Boards in the past have been the greatest sinners in this respect. They have committed both the sins of omission and commission. They have usually omitted to consider how the cheapening of certain things has affected consumption.

*Reduction in purchasing power.*—Consider for a moment that certain goods which were worth a Rupee each a few years back are now sold at As. 6 each, the indigenous manufactures want it to be taxed cent. per cent. The Tariff Boards proudly say that even after this heavy protective duty it will be available to consumers at ¾ of the price he used to pay a few years back. But if Tariff Board had gone deeply into the matter they would have found that in the intervening period when the price came down to As. 6 from Re. 1 the clientele has altogether changed, the fastidious and well to do persons have given up its use and the present consumers were the down and out class of people.

This action of Boards is against justice and equity.

Even when they have considered the effect on consumers the criterion has been wrong. The invariable basis in this sort of estimate of effect of protection on prices has been the value a few years before and the present cum protective duty costs expected.

This scale is not the right one will be apparent when we consider that 80 per cent. of our countrymen are directly dependent on agriculture which is suffering from phenomenon fall in prices.

As the purchasing power of this huge population has fallen by about 50 per cent. since 1929 it is necessary that the prices of the goods they consume should also be proportionately reduced to keep the demand at or about the former level.

*Woollen Goods.*—From the general principles enunciated above it is necessary that Tariff Boards should direct their enquiry into the following channels, besides their usual investigation:—

- (1) The price of raw material in Japan, England and India.
- (2) The Railway freight from ports and manufacturing places to the consuming centres.
- (3) The possibilities of reducing manufacturing costs-methods and ways and means thereof.

- (4) The present and 1929 prices of representative qualities.
- (5) The customs income since 1931-32 and the expected income now.
- (6) If deferential duties recommended full details of imports from England, Japan and other foreign countries during the last 3 years.

The present price of Japanese and English goods of comparable qualities and proposed duty paid, expected prices. The expected import duty from standard and deferential goods with reasons thereof.

- (7) The change in the class of consumers due to reduced prices.
- (8) What imported woollen goods are used as raw material for our cottage industries and the possibilities of cheapening these raw materials.
- (9) What kinds of woollen goods are manufactured from imported raw materials and the possibilities of replacing them by indigenous raw materials.
- (10) What part of India's requirements is supplied by internal production. What are the chances of India becoming independent of foreign supplies.
- (11) A Census of factories in India turning out woollen goods, the number of employees and the capital invested.

### Trade Commissioner for France in India.

*Letter No. 1/5349, dated the 26th November, 1934.*

Referring to the Resolution No. 9-T. (2)/34, dated the 20th October, 1934, of the Government of India, in the Department of Commerce, I have the honour to lay before you, on behalf of the French Manufacturers of woollen yarns and cloth, the following facts, and I shall feel very thankful if you will be so good as to give them the consideration they deserve, before submitting to the Government of India, your recommendations in regard to the protection demanded by the woollen industry of India.

(1) That the imports of woollen goods from France into India consist principally of:—

- (a) woollen yarns for weaving and for knitting,
- (b) woollen piecegoods for suitings,
- (c) woollen shawl cloth;

(i) That the quality of *woollen yarns* exported by France to India, cannot be manufactured locally in India. They serve as indispensable raw materials for the Indian woollen weaving industry;

(ii) That the *woollen piecegoods for suitings* imported from France into India are of very superior quality and do not at all enter into any competition with the Indian made piecegoods;

(iii) That the *woollen shawl cloth of French origin* imported into India cannot be manufactured by herself locally, and it does not therefore compete with the Indian made shawls which are of much superior quality and are quite expensive. This French made shawl cloth is utilised for making shawls for the consumption of the average people, who find it impossible to afford to use the very expensive Indian made shawls. This class of people, according to our enquiry, will have to go without woollen "chaddars" in the cold weather if the import of French made shawl cloth becomes impracticable in India. French shawl cloth, on the other hand, provides employment for a large number of workmen in India, who dye and embroider it or fix borders to it according to the taste of the individual consumers.

(2) That France is a very important buyer of Indian merchandise. Her sales in this country do not represent even a third of her purchases, as can be seen from the following figures of exports and imports between France and India during the last five fiscal years.\*

	1929-30.	1930-31.	1931-32.	1932-33.	1933-34.
Exports from India to France .	168,100,449	110,800,025	76,355,789	80,761,812	68,956,936
Imports from France into India	45,723,403	28,889,855	21,720,409	20,382,897	15,054,556
Balance in favour of India .	122,377,046	81,910,170	54,635,380	60,378,915	53,902,380

(3) That France is a very important purchaser of Indian raw wool.

According to the figures published by the Department of Commercial Intelligence and Statistics, the principal exports of raw wool from India during the two fiscal years 1931-32 and 1932-33 are as follows:—

Quantity.		1931-32	1932-33
	Lbs.	Lbs.	
United Kingdom . . .	35,340,350	27,831,138	
United States of America .	4,866,325	2,490,524	
Belgium . . .	496,327	1,096,382	
France . . .	248,974	449,655	
Other countries . . .	313,181	361,125	
Total .	41,265,157	32,228,819	
Value.		1931-32	1932-33
	Rs.	Rs.	
United Kingdom . . .	2,49,54,265	1,05,87,036	
United States of America .	22,30,238	9,12,537	
Belgium . . .	2,32,335	4,84,301	
France . . .	1,28,668	1,80,805	
Other countries . . .	1,79,101	1,55,539	
Total .	2,77,24,610	1,23,29,218	

These figures appear to have minimised the importance of the direct exports of raw wool from India to France, because according to the official statistics of France of the year 1932, France imported from British India for her consumption 5,004 metric quintals or 1,100,880 pounds (*avoirdupois*) of raw wool (and waste) valued at 2,274,000 francs or 3,79,000 rupees approximately.

Further according to the same official statistics of France of the year 1932, the imports (minus re-exports) of raw wool into France during the year 1932 from

(1) Great Britain are 223,319 metric quintals or 49,130,180 pounds *avoirdupois*.

(2) Union Economique Belge-Luxemburg (Belgium) are 425,158 metric quintals or 93,534,760 pounds *avoirdupois*.

\* These figures have been compiled from the statistics published by the Department of Commercial Intelligence and Statistics, India.



It is therefore possible that France purchases also a considerable quantity even out of the quantity of raw wool exported from British India to the United Kingdom and Belgium.

(4) That the existing rates of customs import duty on woollen piecegoods and yarns are quite high for superior quality goods to which category woollen manufactures of French origin may be classified. Furthermore, the price of French goods have become considerably higher in Indian money, compared to prices existing before September, 1931, when the British pound and the Indian rupee went off the gold standard to depreciate now by about 40 per cent. of its previous value.

(5) This exchange situation coupled with the present rates of Customs duty have caused the imports into India of French woollen goods dwindle considerably and if a further increase of custom import duty is effected, the sale of French woollen goods in this country will not only become a practical impossibility, but may also tend eventually to upset in a fatal manner the present situation of the export of Indian goods to France.

*Conclusion.*—In view of the facts stated above, if a further increase of customs import duty on foreign woollen manufactures be decided at all by the Government of India, I should suggest, on behalf of the woollen manufacturers of France, that goods of French origin may either be exempted from the application of such newly increased import duty or that special methods of assessment be introduced with specific duties or otherwise, so that woollen manufacturers of French origin not entering into competition with local woollen manufacturers may not be affected by the newly increased customs duty.

### **Consul General for Germany, Calcutta.**

*Letter dated the 26th February, 1935.*

With reference to the enquiry into the Woollen Industry, which the Tariff Board in pursuance of a Resolution of the Government of India, dated the 20th of October, 1934, is at present conducting I wish to bring the following to your notice.

While my Government is fully aware that this investigation is guided by the principles laid down in the Resolution adopted by the Assembly on February 16th, 1923, they nevertheless feel that the attention of the Tariff Board should be drawn to the fact that any increase of the present duties or any introduction of differential duties would be detrimental to the interests of exports of woollen textiles from Germany to India.

The value of woollen yarn exports from Germany to India amounted—

During the year 1933 to RM. 89,000.

During the months of January to September, 1934, to RM. 24,000.

The value of exports of woollen piecegoods from Germany to India amounted—

During the year 1933 to RM. 880,000.

During the months of January to September, 1934, to RM. 286,000.

These figures show a considerable decrease of the exports of the German Woollen Industry to this country. In the opinion of my Government therefore exports from Germany to India of the articles under reference in no way constitute a danger to the development of the Indian Woollen Industry.

In this connection, attention is also drawn to the fact that—according to German statistics—during the year 1933 and during the period from January to September, 1934, the total value of exports of Indian merchandise to Germany amounted to—

RM. 153,917,000 and RM. 110,263,000, respectively,

while the total value of exports from Germany to India amounted only to—

RM. 86,847,000 and RM. 69,363,000, respectively.

### Questionnaire for Mills issued by the Tariff Board.

1. (a) When did your mill start working?
- (b) The capital invested, authorised and paid up?
- (c) Have you balance sheets showing the annual financial position of the mill? If available, please submit balance sheets from 1922 to date.
- (d) What was the amount of the original block account; what depreciation has been written off, additions made, and what is its book value to-day?
- (e) Can you estimate what would be the cost to-day of setting up a mill with the same capacity of output?

#### WORSTEDS.

*Questions 2-6 are for Worsted Departments only.*

2. How many spindles and looms have you in the mill to-day? Can you give the figures for the years 1923-24 and 1928-29 to 1933-34? How many spindles and looms were *employed* in these years? How many of the spindles are of the (a) "fly" and how many of the (b) "cap" type?
3. What is the producing capacity of the total number of worsted spindles, based on an assumed average count of 20s, and 9 hours working per day?
4. What has been the number of employees in the various sections of the worsted branch since 1923-24?
5. What has been your actual annual production of worsted yarn under the headings of (i) weaving yarn, (ii) hosiery yarn, (iii) knitting yarn respectively in the years 1923-24 and 1928-29 to 1933-34? Give the quantity spun under each count separately.
6. What has been your own annual consumption under each count of yarn in (a) weaving, (b) hosiery in the above years.

#### WOOLLENS.

*Questions 7-12 relate to Woollen Departments only.*

7. What is the number of cards and of spindles and looms in the woollen section of your mill? Can you give the figures for the years 1923-24 and 1928-29 to 1933-34?
8. How many spindles and looms were employed in these years?
9. What is the producing capacity of the total number of spindles on the assumed basis of an average count of 8 skeins?
10. What has been the number of employees in the various sections of the woollen branch since 1923-24?
11. What was the mill's actual production of yarn under each count spun in 1923-24; what has it been since 1928-29?
12. What has been the mill's own annual consumption of yarn under each count during these years?

#### HOSIERY.

13. What is the capacity of output in pounds of your hosiery plant?

## GENERAL.

14. What has been the annual consumption in your mill in (a) Worsted and (b) Woollen sections of raw wool since 1922-23 (or the date of commencing to work if later than this):—

(A) East India. (B) Imported.

(If you are able to differentiate Indian from "East India" wools, please do so.) Show imported tops separately.

15. For what branches of your manufacture are you able to use East Indian wool?

16. Please state the average annual price per lb. (delivered at mill) of the raw wools referred to in your answer to Question 14.

17. What has been your annual output of finished goods in lbs. in 1923-24 and from 1928-29 to 1933-34 under the heads:—

- (a) Blankets and rugs,
- (b) Shawls,
- (c) Piecegoods,
- (d) Hosiery,
- (e) Carpets,
- (f) Others.

If you have ever made mixtures or used shoddy or recovered wool, please report the extent of the experiment.

18. Please furnish figures for these years of the value of the stocks unsold.

19. To what extent are you in a position to manufacture yarn, of the kinds required for (a) hosiery manufacture, (b) weaving, (c) carpets, both in Merino, cross-bred and East Indian qualities, for use by other manufacturers? Are you supplying any such yarn or have you ever done so?

20. Please prepare a statement dealing with (A) Worsted, (B) Woollens, separately giving the total expenditure in your Mill for each of the years 1923-24 and 1928-29 to 1933-34 showing the following items:—

1. Cost of raw material (including cost of scouring) and including 'tops'.

*Manufacturing costs.*

2. Wages of labour (including bonus and all allowances).
3. Supervision charges and office expenses.
4. Power, fuel and light.
5. Stores.
6. Water.
7. Repairs and maintenance.
8. Packing.
9. Any other expenses.

*Total Manufacturing costs.*

Deduct the value of waste raw material recovered.

*Net total manufacturing costs.*

10. Rents, rates and taxes (excluding Income-tax).
11. Insurance.
12. Selling expenses showing separately expenses of sale through (a) agents, (b) shops.
13. Agent's commission and office allowance, if any.
14. Depreciation.
15. Capital charges.

*Total expenditure.*

21. Please prepare a statement showing item by item in the same form as given in Question 20 the allocation of the expenditure to each of the articles listed in the accompanying statement. If there is any item of expenditure not directly charged to each article, the method by which the total expenditure is allocated to the finished articles should be explained.

	Weight Oz.	Size or Width.
<b>(a) Woollen cloths—</b>		
(i) Tweeds . . . . .	16 to 20	54"
(ii) Blazer cloth . . . . .	14 to 18	54"
(iii) Melton . . . . .	16 to 20	54"
(iv) Grey Oxford . . . . .	About 32	54"
(v) Khaki Coat . . . . .	28 to 32	54"
(vi) Broad cloth . . . . .	About 24	54"
<b>(b) Serges—</b>		
(i) Worsted warp and woollen weft . . . . .	16 to 18	54"
(ii) Khaki drab . . . . .	18	54"
<b>(c) Worsted—</b>		
(i) Serges or coatings . . . . .	8 to 16	54"
(ii) Shawl cloth . . . . .	About 6	..
(iii) Shawls or lohics. . . . .	32	108" × 54"
	20	100" × 50"
	16	90" × 45"
<b>(d) Yarns—</b>		
(i) Worsted yarn . . . . .	2/20s up to 2/64s warp. 1/16s up to 1/40s weft.	
(ii) Hosiery yarn . . . . .	2/10s up to 2/64s and 3/10s up to 3/60s.	
(iii) Knitting yarn . . . . .	3/7s up to 3/16s or 4/7s up to 4/16s.	
(e) Blankets and rugs . . . . .	of selected types.	
(f) Hosiery . . . . .	do. do.	

NOTE.—(d) Where the same counts are spun from different qualities, please give the prices of Merino, Cross-bred and East Indian separately.

N.B.—Under (e) and (f) select one or more of your popular types which compete in the market with imported articles.

22. With regard to the list of finished articles in the statement given in question 21, please state the percentage of gross wastage (a) of wool in the manufacture of yarn (b) of yarn in the manufacture of cloth.

23. What are the rates of depreciation allowed by the Income-tax authorities? Do you consider these rates reasonable? What are the rates usually provided in your accounts for (a) buildings, (b) machinery? What difference would be required in the rates if the mill be worked double shift?

24. If the Managing Agency system is in force in respect of your mill, please explain the method of remuneration and the terms of agreement. Do the Managing Agents receive allowances or commission on purchases or sales? If so, please give the details.

25. How is your working capital provided and what rate of interest is debited to the costs of manufacture?

26. What have been your realized prices (ex-mill) in 1923-24, and from 1928-29 to 1933-34 for your finished products under the heads given in the statement in question 21? Please give the causes of any considerable variations, showing the extent to which they are due (a) to foreign, (b) to internal competition. To what extent does a fall in realizations correspond with the fall in general wholesale prices?

27. Please describe your arrangements for the purchase of raw wool, giving the charges required to be paid to middlemen.

28. What are your arrangements for marketing your finished products? What commissions or other allowances are paid to Agents?

29. (i) Do you have any difficulty in recruiting skilled labour? Can it be obtained locally?

(ii) What is the proportion of males to females?

(iii) What is the average wage paid for labour in the different departments?

(iv) In which department do you pay a daily wage and in which for piece work?

(v) Do you maintain efficiency standards in the various departments of your mill? What proportion of your labour on an average attains this standard?

(vi) How does the standard of efficiency compare with that of any competing country with which you are acquainted?

30. What arrangements have been made for the housing of your labour and for promoting its welfare in other directions?

31. Have there been any industrial disputes in your Mill? If so, briefly state the issues involved and the terms of settlement.

32. Please state, for as many years since 1923-24 as you have records, the prices, either c.i.f. or wholesale market prices, (and where possible, both) of imported articles, comparable with those listed in the statement (question 21), which have competed with your own.

33. In which articles have you met with the most severe competition from--

(a) foreign imports,

(b) other Indian mills?

34. Is it generally true that the severest competition is felt from foreign goods that are mixtures?

35. What are the difficulties in the manufacture of India of the finer qualities of worsted goods?

36. What has been the effect of the successive increases of duty since 1931 on your sales and realized prices?

37. It has been stated that the specific minimum duty of Re. 1-2 while it has been of great help to certain branches of the industry has to some extent failed to function, e.g., in protecting articles of light weight. In

your experience what has been the effect of the Re. 1-2 specific duty on the price of articles manufactured by you?

38. What are the defects of Indian wool which prevent its more general use? Have you any recommendations for its improvement? It has been suggested that the proceeds of a duty on imported wool should be devoted to the improvement of sheep breeding. What would be the effect on your production of such a duty?

39. The manufacture of synthetic wool from jute has been brought to our notice. Have you any knowledge that articles manufactured wholly or partly of this substance have been imported into India?

40. What are your principal markets? Have you ever exported any articles?

41. To what extent can the Indian mills—given an assured market—meet the modern demand for a superior or more attractive class of goods? Evidence shows that the taste for high qualities of worsted cloths and of woollens of softer finish has greatly extended, owing to the importation of merino yarns and Italian blankets and cloths.

42. To what extent does the element of railway freight disadvantage, if at all, enter into the question of foreign competition, whether in connection with raw material, or finished goods? Illustrate your answer by reference to the situation of your own mill giving details of actual railway freights per maund.

43. To what extent do the products of the mills and of the handlooms compete in the same markets?

44. A limited period of protection can only be successful, (and the interests of consumers can only be secured) if it is accompanied by continued improvements in method and reductions in the cost of production. In your opinion in what directions are these improvements and reductions to be looked for? Please give such details as you can of the economies you estimate to be possible in a reasonable period.

45. If you consider that protection should be given, please give your opinion—

- (i) of the form it should take,
- (ii) the rates required,
- (iii) the period for which it should be imposed,
- (iv) and the imported goods on which the rates should be levied.

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### Millowners' Association, Bombay.

(1) *Letter No. 6, dated the 5th January, 1935, from the Tariff Board.*

I am directed to send herewith copy of a questionnaire which has been distributed to all the Woollen Mills in India of which the Tariff Board has knowledge (list accompanies). It has been found necessary to address individual mills, including those which have been party to the general representation submitted by you, as it is obvious that most of the statistics which we have called for can only be compiled by the individual mills themselves, and there is a number of mills which have not subscribed to your representation.

2. I am to ask the Association to be so good as to inform the Board.

- (1) Whether any difficulty has been felt in the industry generally in raising the capital required either for working expenses, or for necessary improvements and reorganisation?
- (2) Whether any major changes have occurred since 1920 in the construction of wool manufacturing machinery leading to greater output, or greater efficiency of working, and if so, whether such machinery has been adopted in India. Can you state what has been the course of prices for wool machinery since 1920, taking 100 as the Index figure for that year?

(2) *Letter No. 329/73 of 1935, dated the 6th February, 1935, from the Millowners' Association, Bombay.*

I write to acknowledge the receipt of your letter No. 6, dated the 5th ultimo, and to thank you for having furnished the Association with a copy of the questionnaire which the Board has addressed to all Woollen Mills in India.

In regard to the two questions put to the Association, I beg to state the result of the enquiries which have been made.

Until about 1922, no great difficulty was experienced in raising the capital required by the Woollen Mill Industry. Later on, however, the Industry had difficulty in regard to the provision of adequate working capital or new capital for the installation of fresh plant as there were no visible prospects of an assured market for the products of the Industry and a reasonable profit on the capital so invested could not be expected. In the case of one mill, the authorised capital was Rs. 50 lacs, but only Rs. 14 lacs could be raised by public subscription, and working capital had to be obtained from local banks at high rates of interest. In one or two old and well-established concerns, the strong financial position built up prior to 1922 has enabled them to obtain the necessary finance for the working of the mills and to keep abreast of the times as regards their mechanical equipment. The opinion has been generally expressed that new capital from the public will be impossible to obtain in the near future for the Indian Woollen Mill Industry unless the Industry is more adequately protected than at present, but that with an assured market and the prospect of a reasonable return on capital, there would be no difficulty in raising money for new mills or working capital for existing mills. The serious financial position of the Industry during the last few years is adequately demonstrated by the closing down of several concerns.

As regards question (2), we are informed that there have been no major changes in the construction of wool manufacturing machinery since 1920, but there have been minor improvements which have led to somewhat greater output and efficiency in various processes. In spinning machinery the most outstanding improvements which have been effected have been in Tape Condensers and Ring Spinning Frames. Unfortunately, however, the latter machine is unsuitable for the counts which could be spun from Indian Wools. Finishing machinery has also been improved to some extent and the new

Tentering machines are understood to give considerably greater output than older models at a lower labour cost and with less expenditure of steam.

In regard to prices of woollen machinery, we regret we have been unable to obtain a continuous record of prices since 1920, but the general opinion is that the prices of woollen machinery to-day are about 10 to 15 per cent. lower than in 1920.

(3) *Letter No. 88, dated the 1st February, 1935, from the Tariff Board, to the Millowners' Association, Bombay.*

**Subject:—SIZING FLANNEL, ROLLER AND CLEARER CLOTH AND BELTING YARN.**

With reference to paragraph 52 of the representation of the Indian Woollen Mill Industry, I am directed to say that the Board will be glad to have answers to the following questions:—

- (1) What are the requirements of the textile industry of these materials?
- (2) Which are the mills manufacturing these materials?
- (3) What is the view of the Millowners' Association in regard to the proposed higher import duties? Is it recommended that the concession of lower duties as being mill stores should be cancelled and the ordinary duties levied or is it proposed that some lower duties sufficient for the purpose should be imposed?
- (4) In the latter case will you be so good as to forward to the Board c.i.f. and market prices of the articles in question and direct the manufacturing mills to submit their cost of production in the form prescribed in the mill questionnaire.

(4) *Letter No. 325/73 of 1935, dated the 6th February, 1935, from the Millowners' Association, Bombay.*

**Subject:—SIZING FLANNEL, ROLLER AND CLEARER CLOTH AND BELTING YARN.**

I am directed to acknowledge receipt of your letter No. 88, dated the 1st instant on the above subject, and to inform you that the views expressed in paragraph 52 of the representation dated 1st December, 1934, submitted on behalf of certain Woollen Members of this Association represent the views of the Woollen Members submitting the representation and do not represent the considered views of the Association on the question of the duties on Sizing Flannel, Roller and Clearer Cloth and Belting Yarn.

The Association has no detailed information on questions 1, 2 and 4, but I am endeavouring to collect it from the mills concerned. Question No. 3 is being considered by the Committee of the Association, and I shall communicate their views to you as early as possible.

(5) *Letter No. 473/73A of 1935, dated the 26th February, 1935, from the Millowners' Association, Bombay.*

**Subject:—SIZING FLANNEL, ROLLER AND CLEARER CLOTH AND BELTING YARN.**

I am directed to invite your attention to your letter No. 88, dated the 1st instant and my reply thereto, No. 325/73, dated the 6th February, 1935, on the above subject.

With regard to the specific questions asked by the Board I am directed to point out at the outset that, from enquiries made by the Association the Indian Woollen Mill Industry does not appear to be manufacturing roller cloth in commercial quantities. So far as this cloth is concerned, therefore, my Committee regret they cannot support the application made by the Woollen Mill Industry.



The Cotton Textile Industry is not a large user of belting yarn, and questions relating to the effect of an increase in duty in respect of this article might, therefore, be addressed to industries more directly affected by the increase in the duties asked for by the Woollen Industry. I have, therefore, strictly confined my remarks in the following paragraphs to *sizing flannel and clearer cloth*.

As regards the first question of the Board, no exact statistics are available, but from independent enquiries made by the Association, it would appear that about 29,000 yards of clearer cloth and 89,000 yards of sizing flannel are consumed per annum by the Indian Cotton Mill Industry. These figures are based on an estimate of 3 yards of clearer cloth per 1,000 spindles and 456 yards of sizing flannel per 1,000 looms.

With regard to question No. 2 The Indian Woollen Mills at present appear to be manufacturing sizing flannel and clearer cloth in fairly large quantities. The Maharani Woollen Mills, Baroda (now under liquidation) were manufacturing sizing flannel and clearer cloth for about three years until they were closed down. The Bangalore Woollen Mills are making sizing flannel for their own use and for the use of the Cotton mills under the same management. The Cawnpore Woollen Mills and the New Egerton Woollen Mills appear to be fully equipped to supply the requirements of the Indian Mills in sizing flannel and clearer cloth, but no information is available as regards the extent to which they produce these articles at present. The Kaiser-i-Hind Woollen Mills, Bangalore do not appear to be equipped for the manufacture of clearer cloth and sizing flannel. The Raymond Woollen Mills have produced small quantities of sizing flannel and clearer cloth, chiefly for their own use and for the mills under the agency of Messrs. E. D. Sassoon & Co., Ltd.

*Question No. 3.*—The effect of an increase in the duty on clearer cloth and sizing flannel has been very carefully considered by my Committee, and while they are aware that an increase in the duty suggested by the Woollen Mill Industry would undoubtedly lead to some increase in the cost of production to the Cotton Mill Industry, they are prepared, as a gesture of goodwill to a sister industry applying for protection, to waive their opposition to an increase in the duty on these articles, provided that the new duties imposed do not exceed the duties imposed on other classes of pure woollen piecegoods from the same sources and that these protective duties are imposed for a strictly limited period.

In regard to Board's question No. 4 my Committee consider that an answer should be furnished by the Industry asking for protection, and they have accordingly asked woollen mill members to submit their individual answers to the Board direct.

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(6) *Letter No. 529/73A of 1935, dated the 6th March, 1935, from the Mill-owners' Association, Bombay.*

#### **SIZING FLANNEL, ROLLER AND CLEARER CLOTH AND BELTING YARN.**

In continuation of my letter No. 473/73A, dated the 26th February, 1935, on the above subject, I understand that there are two concerns, namely. The Bengal Belting Works, Ltd., Calcutta, and Messrs. Birkmyre Bros. (Hardinge Mills), Calcutta, in India who use hair belting yarn and that their consumption of hair belting yarn is roughly 8,000 lbs. and 20,000 lbs. respectively per month.

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(7) *Letter No. 624/73 of 1935, dated the 22nd March, 1935, from the Mill owners' Association, Bombay.*

During the oral examination of the Woollen Members of my Association, I promised to send you such information as I could obtain regarding the importation of staple fibre into this country. From enquiries made subsequently, it would appear that during the fiscal years 1932-33 and 1933-34

such imports as were recorded were of a sampling character. Makers of staple yarns in Europe had not at that time overcome the technical difficulties incidental to its manufacture. Towards the end of 1933, most of the technical difficulties had been solved, and a serious effort was made to interest spinners. In the fiscal year 1934-35 imports into India including the quantities, which will be cleared before 31st March, 1935, will be 42,600 lbs.

(8) Letter No. 923/73 of 1935, dated the 17th April, 1935, from the Mill-owners' Association, Bombay.

Further to my letter No. 762/73, dated the 3rd instant, I am enclosing for the information of the Board, copies of the replies which I have received from the Cawnpore Woollen Mills, the Raymond Woollen Mills, Limited, the Kaiser-i-Hind Woollen, Cotton and Silk Mills, Limited, the Bangalore Woollen, Cotton and Silk Mills Company, Limited, and the Indian Woollen Mills, to whom copies of your letter No. 248, dated the 29th March, 1935, were sent.

The replies indicate that considerable progress has been made by Indian Woollen Mills in the manufacture of goods in the qualities required by the Indian Stores Department, and that in the near future, it should be possible for the Indian Stores Department to obtain all their requirements of woollen and worsted piece-goods from the Indian Woollen Mill Industry. In certain instances it would seem that the only reason for orders having been placed abroad is that Indian Mills have been unable to produce the goods at prices as low as those offered by the United Kingdom manufacturers. This appears to indicate the need for somewhat higher duties than exist at present on United Kingdom goods.

With regard to the other qualities such as blue and grey flannel and khaki drab mixture—W. P., the reasons for orders being placed abroad, appear to have been:—

- (a) Inability of Indian Mills to produce goods up to the specification of the Indian Stores Department combined with.
- (b) Inability to compete in price.

The first difficulty now appears to be in process of being overcome but the price difficulty will remain unless more adequate protection is given to the indigenous industry.

Enclosure No. 1.

THE CAWNPORE WOOLLEN MILLS.

Cawnpore, 13th April, 1935.

The Secretary,

Millowners' Association,  
Bombay.

Dear Sir,

We are in receipt of your letter No. 763/73, dated the 3rd April, with a copy of a letter from the Secretary to the Tariff Board, and a list of certain materials which are stated to have been imported in considerable quantities during the last two years by Government Departments. It will be noted that no indication of the quantities imported are given in the list from the Tariff Board.

On these items we would comment as follows:—

*Silver Grey Flannel, 54" wide.*—Both the Cawnpore Woollen Mills and the New Egerton Woollen Mills are at present engaged on the manufacture of Silver Grey Flannel for Army requirements. This appears to dispose of the statement that shirting flannel of requisite quality is not made in India.

*Serge, Blue, Medium.*—We cannot trace any order during 1932/33, 1933/34, or 1934/35 for the 19½ oz. Serge Blue Medium having been placed abroad, nor any order for the material weighing 21½ oz. per linear yard.

There was, however, in 1933 an order for 46,500 yards of 17½ oz. quality placed with Messrs. E. Spinner and Company. This was purchased at Re. 1-12-3, and is, presumably, the item referred to. It is interesting to note the extent of the assistance which the Indian Stores Department are prepared to afford indigenous manufacturers when a difference of As. 1-9 per yard was too great to admit of any portion of the order being placed in India. Since this occasion no order for the 17½ oz. material appears to have been placed abroad.

*Serge, Service Dress, and Cloth, Drab Mixture.*—We have always understood that the difficulties in the way of the whole of the army requirements for Serge, Service Dress, and Cloth, Drab Mixture, were of an administrative nature rather than of anything connected with the manufacture of the material.

To our mind the placing of orders in India or abroad is entirely dependent on the price quoted. If the c.i.f. price, *plus* the present duty of 25 per cent. is below the Indian prices then the order will go home. If the Indian price is equal to, or lower than the home figure, there is a possibility of the order being placed by the Indian Stores Department with the Indian manufacturer.

Those quotations incidentally show how vitally necessary it is for the Indian manufacturer that the present duty, consisting as it does of the revenue duty and a surcharge, should be maintained as a protective duty.

Enclosure No. 2.

THE RAYMOND WOOLLEN MILLS, LIMITED.

Bombay, 13th April, 1935.

The Secretary,

Millowners' Association,  
Bombay.

Dear Sirs,

With reference to your circular No. 763/73, dated the 3rd instant, we are in a position to state that all the qualities mentioned on the attached list with the exception of Cloth, Drab Mixture, Water Proofed, are being supplied by Indian Mills including the Raymond Woollen Mills to the Government in accordance with specifications.

With regard to the Cloth, Drab Mixture, we found that as our price was so much higher than that of the foreign competition and also on account of the special process involved in proofing, we were not justified in tendering against enquiries for this material.

With reference to the second paragraph of the letter enclosed with your circular, we gather that the Shirting flannel mentioned by the Army Department is that known as "Angola Drab" Mixture and which contains a large percentage of cotton. We have not therefore, in the past competed for this business.

With reference to the Serge, Service Dress, we are in a position to supply the various cloths in demand up to any quantity and in the past have to a small degree supplied and satisfied the Government requirements.

Enclosure No. 3.

THE KAISER-I-HIND WOOLLEN, COTTON AND SILK MILLS, LIMITED.

Bangalore, April 15th, 1935.

The Secretary,

Millowners' Association,  
Bombay.

Dear Sir,

In reply to your letter No. 763/73 of the 3rd instant containing a copy of letter No. 248 from the Secretary of the Tariff Board to yourself, we

are afraid we are not in a position to say whether the facts stated in the letter are correct or not, as we do not manufacture or submit quotations for any such textile fabrics to the Indian Stores Department.

We have however conducted some experiments in manufacturing woollen cloth drab mixture cloths, but we consider that our quality would not be suitable for the Indian Stores Department.

Enclosure No. 4.

THE BANGALORE WOOLLEN, COTTON AND SILK MILLS COMPANY, LIMITED.

Bangalore, 6th April, 1935.

The Secretary,

The Millowners' Association,  
Bombay.

Dear Sirs,

We thank you for your letter No. 763/73, dated the 3rd instant, enclosing copy of the Tariff Board's letter No. 248 of 29th March.

*None of the articles mentioned in the list prepared by the Tariff Board can be manufactured by us at prices which compare favourably, with the imported articles.* Although we have carried out extensive experiments in the manufacture of Silver Grey and Khaki flannels, this is a highly specialized branch of the English woollen trade and it is therefore not surprising that we have been unable to produce a competitive article.

The Indian Stores Department's specification for Cloth, Drab Mixture, W. P., has hitherto been a very exacting one but we have recently submitted samples on which we have received a very favourable report and if our quality is approved we shall be able to quote in competition with English manufacturers.

The other cloths mentioned in the list are worsteds which we do not manufacture.

Enclosure No. 5.

THE INDIAN WOOLLEN MILLS.

Bombay, 9th/10th April, 1935.

The Secretary,

The Millowners' Association,  
Bombay.

Dear Sir,

With reference to your letter No. 763/73, dated the 3rd instant, we have no complaint to make against the policy of purchases followed by the Indian Stores Department.

The Indian Woollen Industry has made considerable progress in manufacturing and supplying goods according to the specifications of Indian Stores Department and we are now in a position to manufacture certain class of goods which compare very favourably with the imported qualities which were formerly being purchased by the Indian Stores Department.

In support of this statement we quote instances of our Blue Serge No. 1578 which we are supplying to Indian Stores Department against Blue Serge of Messrs. E. Spinners' manufacture and of our Khaki Great Coat Cloth No. 1386A as against Spinners' Hereford Khaki Great Coat Cloth.

Some of the items required by Government such as Serge, Service Dress No. 1 and Cloth, Drab Mixture, are in the experimental stage and we hope to succeed in the manufacture of these in the near future. We are not in a position to manufacture Blue Grey Flannel as we have no suitable machinery for its manufacture.

With regard to Serge, Blue, Medium, Worsted Warp, Woollen Weft and Serge Blue worsted, we are of the opinion that these could be manufactured in India without difficulty.

We would request the Tariff Board to ascertain from Indian Stores Department as to the progress made by the Woollen Mills in India during the past few years and we can assure the Board that with adequate protection for a reasonable time, the Indian Woollen Industry would be in a position to manufacture all the requirements of Government of India including the Army Department.

(9) Letter No. 1203/73 of 1935, dated the 17th May, 1935, from the Mill-owners' Association, Bombay.

I enclose herewith such information as I have so far been able to obtain in regard to the quotations for various types of imported woollen yarns of Japanese and English origin during the month of January this year.

I hope to be in a position to send you some further information on the point early next week.

Enclosure.

*Quotations for Japanese yarn—c.i.f., Bombay.*

(The prices are per lb.)

1935.

Description.	Count.	January.	February.	March.	April.
		Yen. Cent.	Yen. Cent.	Yen. Cent.	Yen. Cent.
Hosiery, Merino yarn, scoured .	2/20	1-67	1-69	1-75	1-80
Ditto . . . .	2/32	1-74	1-78	1-80	1-85
Ditto . . . .	2/48	1-94	1-95	1-98	2-05
Knitting, Merino, scoured .	4/13	1-45	..	..	..
Knitting, Merino, dyed . .	4/13	1-60	..	..	..
Merino weaving yarn, scoured .	2/64	2-10	2-15	2-13	2-15
Ditto . . . .	2/70	..	2-40	2-40	..

*Quotations for English yarn—c.i.f., Bombay.*

(Quotations only, no yarn imported.)

(The prices are per lb.)

1935.

Description.	Count.	January.	February.	March.	April.
		s. d.	s. d.	s. d.	s. d.
Merino hosiery yarn, scoured .	2/16	2 8	..	3 1	3 1
Ditto . . . .	2/48	3 10	..	3 11½	..
Knitting yarn, dyed, ordinary .	4/9	1 8½	..	..	..
Knitting yarn, dyed, superior .	4/9	2 ½	..	..	..
Ditto . . . .	4/12	3 0	..	..	..
Merino weaving yarn, scoured .	2/36	3 ½	..	..	..

(10) Letter No. 1234/73 of 1935, dated the 21st May, 1935, from the *Mil-owners' Association, Bombay.*

Further to my letter No. 1203/73, dated the 17th instant, I enclose here-with 6 copies of the further information which I have been able to obtain in regard to the Bombay c.i.f. quotations for the types of woollen yarns specified in the accompaniment to your letter of the 2nd, from January to April.

I am also in a position to send you the c.i.f. Karachi prices for these yarns during the same period. The information has been supplied by a reliable firm of wholesale dealers in Amritsar.

I have no reason to doubt the general accuracy of the quotations given for either centre. You will observe that the quotations for Karachi are in almost all the lines considerably below the quotations which prevailed in Bombay. This may possibly be due to a difference in the quality of goods taken by the markots served by the ports of Bombay and Karachi.

Enclosure.

#### No. 1.—JAPAN.

(Price Per Pound.)

##### Hosiery yarns, Merino, white—

	January.	February.	March.	April.
	Yen.	Yen.	Yen.	Yen.
2/20s . .	1.65	1.70	1.76	1.82
2/24s . .	1.67	1.72	1.79	1.85
2/28s . .	1.70	1.76	1.83	1.90
2/32s . .	1.73	1.80	1.87	1.95
2/36s . .	1.75	1.83	1.90	1.98
2/40s . .	1.79	1.87	1.94	2.02
2/48s . .	1.87	1.95	2.01	2.10

##### Knitting yarns, Merino, white—

4/13s . .	1.45	1.47	...	...
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##### Weaving yarns, Merino, scoured—

2/60s . .	2.05	2.08	...	...
2/64s . .	2.09	2.13	2.19	2.23

All the above prices are c.i.f. Bombay.

#### No. 2.—BRITISH.

BOMBAY.

Date:—1st March, 1935.

s. d.

F. B. H.

Knitting, colours, 4/6½s . . . . . 1 8½

Knitting, colours, 4/8s . . . . . 1 8½

## No. 3.—POLAND.

Date:—7th February, 1935.

	Per lb. s. d.
2/24s, dry spun, hosiery, white, in hanks . .	3 4½
2/48s, dry spun, hosiery, white, in hanks . .	3 7½
2/56s, dry spun, hosiery, white, on cheese . .	3 8½
2/50s, dry spun, hosiery, white, on conical tubes .	3 7
2/64s, dry spun, hosiery, white, on cheese . .	4 3
2/24s, dry spun, hosiery, colours, in hank . .	3 9
2/36s, dry spun, hosiery, colours, in hank . .	3 11½
2/48s, dry spun, hosiery, colours, in hank . .	4 2
2/36s, dry spun, hosiery, colours, on conical tubes .	3 11½
2/40s, dry spun, hosiery, colours, on conical tubes .	4 1
2/42s, dry spun, hosiery, colours, on conical tubes .	4 3½
2/50s, dry spun, hosiery, colours, on conical tubes .	4 4½
2/56s, dry spun, hosiery, colours, on cheese . .	4 6

All the above prices are c.i.f.c.i.

It is possible the goods would cost 2/4 per cent. cheaper on the days.

## No. 4.—BRITISH.

Date:—14th June 1934.

	Per lb. s. d.
To-day's prices are said to be 8/10 per cent. higher.	
4/8s, knitting, colours, in hank . . . .	1 10½
4/9s, knitting, colours, in hank . . . .	1 10½
4/9s (superior) knitting, colours, in hank . .	2 ¼
4/8½s, knitting, colours, in hank . . . .	2 ¼
4/10s, knitting, colours, in hank . . . .	2 3½
4/13s, knitting, colours, in hank . . . .	1 11½
4/9s, knitting, colours, in hank . . . .	2 6
4/10s, knitting, colours, in hank . . . .	2 2½
4/13s, knitting, colours, in hank . . . .	2 3½
4/13s, (superior) knitting, colours, in hank . .	2 7

All prices are c.i.f.c.i.

## No. 5.—AMRITSAR MARKET.

(The Quotations are all c.i.f. Karachi.)

*Hosiery yarn, Merino, white, Japan.*—In February, March, April the prices remained the same, which are as under:—

2/20—Rs. 1-1-6, 2/22—Rs. 1-1-9, 2/24—Rs. 1-2, 2/26—Rs. 1-2-3, 2/28—Rs. 1-2-6, 2/30—Rs. 1-2-9, 2/32—Rs. 1-3, 2/34—Rs. 1-3-3, 2/36—Rs. 1-3-6, 2/38—Rs. 1-4, 2/40—Rs. 1-4-6, 2/42—Rs. 1-5, 2/44—Rs. 1-5-6, 2/46—

Rs. 1-6, 2/48—Rs. 1-6-6, 2/50—Rs. 1-7, 2/52—Rs. 1-7-6. These are c.i.f. prices. In January, 1935, the prices were As. 1 per lb. less than these and in December, 1934, the prices were As. 2 per lb. less and in May, 1935, the prices are As. 1 more per lb. than these prices.

These prices are taken from the actual record of the Importers.

*Weaving yarn, Merino, scoured, of Japan.*—In December, 1934, the price of 2/64 was Rs. 1-9-3 c.i.f. Karachi per lb. The same price ruled in January, 1935. In February, 1935, its price went up to Rs. 1-9-9 and in March, 1935, and April, 1935, Rs. 1-10-3 per lb. same terms. For higher counts you can add 3 pies every two turn, i.e., if the price for 2/64 is Rs. 1-9-3, then the price for 2/66 is Rs. 1-9-6 and for 2/62—Rs. 1-9. For higher counts you can add pies 3 for every two turn and for lower counts you can deduct 3 pies for every two turn.

*Hosiery yarn, ordinary cross-bred, white, of England.*—2/10—1s. 1½d., 2/12—1s. 2d., 2/14—1s. 2½d., 2/16—1s. 2½d., 2/18—1s. 2½d., 2/20—1s. 3d. These prices remain steady from December, 1934, to April, 1935, and in May they have went up 1d. more, these are c.i.f. prices.

*Hosiery yarns, superior cross-bred, white, of Polland.*—As the yarn cannot compete with Japan therefore they are neither imported nor any body is keeping record of the prices.

*Hosiery yarn, Merino, white, 2/16 to 2/52.*—Same remarks as above of Polland and other countries.

*Hosiery yarn, superior cross-bred, white.*—Same remarks as above of Polland and other countries.

*Knitting yarns, ordinary cross-bred, white and Dyed, of England.*—White 4/7 to 4/9—1s. 3d. and this price is maintained from December, 1934, to this day.

Higher counts are not imported.

*Knitting yarn, superior cross-bred, white and dyed, of England.*—For various qualities in counts 4/12 to 4/16 the prices had been ranging from December, 1934, to this day at 2s.—to 2s. 2d. per lb. c.i.f.

*Berlin wool, ordinary cross-bred, dyed, in counts 4/7 to 4/9.*—Its prices have been 1s. 8d. to 1s. 10d. for various qualities and the prices were maintained from December, 1934, to April, 1935. Now they are demanding 1d. more. For white the prices are 3d. less.

*Berlin wool, Merino.*—Not imported.

*Weaving yarn, ordinary cross-bred, 2/18 to 2/24.*—The prices are the same as per hosiery yarn stated under the heading of hosiery yarn, ordinary cross-bred, white.

*Cross-bred, superior, and Merino.*—Cannot compete with Japan and hence they are not imported and therefore no record is available.

### **The Bangalore Woollen, Cotton and Silk Mills Company, Limited, Bangalore.**

(1) Letter No. 2316/73 of 1934, dated the 30th November, 1934, from the Millowners' Association, Bombay.

At the request of the Bangalore Woollen, Cotton and Silk Mills Company, Limited, I am enclosing herewith three statements which were prepared at the request of the Board during their visit to Bangalore. The statements referred to show:—

*Statement No. 1* shows the quantities and values of Indian and imported wools purchased by the Bangalore Woollen, Cotton and Silk Mills since the year 1928.

*Statement No. 2* shows the quantities and values of rugs produced by the Bangalore Woollen, Cotton and Silk Mills since the year 1929.



Statement No. 3\* shows the values per pound of 60s Australian tops and 4 grades of Indian wool.

No. 1.—*Quantity of Indian Wool purchased by the Bangalore Woollen, Cotton and Silk Mills.*

Year.	Weight. lbs.	Value. Rs.
1928 . . . . .	1,846,404	6,60,695
1929 . . . . .	2,155,149	7,14,346
1930 . . . . .	2,056,783	5,68,597
1931 . . . . .	1,942,527	4,76,832
1932 . . . . .	2,087,502	4,54,051
1933 . . . . .	744,869	1,77,097
1934 (up to September) . . . . .	603,470	82,444

*Quantity of Imported Wool purchased by the Bangalore Woollen, Cotton and Silk Mills.*

Year.	Weight. lbs.	Value. Rs.
1928 . . . . .	...	...
1929 . . . . .	...	...
1930 . . . . .	...	...
1931 . . . . .	...	...
1932 . . . . .	...	...
1933 . . . . .	13,304	8,667
1934 (up to September) . . . . .	7,462	6,340

No. 2.—*Production of rugs and blankets.*

	1928-29.	1929-30.	1930-31.	1931-32.	1932-33.	1933-34.
Quantity . lbs.	1,023,445	1,245,080	1,323,752	1,206,339	1,141,037	992,846
Value . Rs.	10,39,114	11,84,888	12,85,391	10,02,599	8,88,588	6,22,704
Per lb. . As.	16.2	15.2	15.5	13.3	12.5	10.0

(2) *Letter dated the 7th February, 1935, from The Bangalore Woollen, Cotton and Silk Mills Company, Limited, Bangalore.*

With reference to your No. 4, dated the 4th January, 1935, we have the honour to enclose our answers to your questionnaire together with the spare copies asked for. The answers given to the following questions may kindly be treated as *strictly confidential* :—

- Question 1 (c).  
 „ 1 (d).  
 „ 17 (in respect of the comparative costs given).  
 „ 20. The statement sent in answer to the question.  
 „ 21.  
 „ 24.  
 „ 25.

We also enclose the Balance Sheets referred to in our answer to question 1 (c).

Not printed.

Enclosure.

THE BANGALORE WOOLLEN, COTTON AND SILK MILLS COMPANY, LIMITED,  
BANGALORE CITY.

*Replies to Questionnaire issued by the Tariff Board appointed by the Government of India to inquire into the Woollen trade.*

1. (a) 1884.

(b) The authorised capital of the Company on formation was Rs. 4,00,000 in ordinary shares, but since then fresh capital has been subscribed from time to time to meet the cost of additional plant. The present capital is Rs. 20,25,000 in ordinary shares and Rs. 6,00,000 in 6 per cent. cumulative preference shares. Originally and for some years the Company was engaged only in the manufacture of Woollen goods, but most of the Mill's expansion in recent years has been in Cotton manufacture, the production of which is between  $3\frac{1}{2}$  and 4 times as great by weight as that of the Woollen section.

\* \* \* \* \*

(c) We estimate that to-day's cost of a new Woollen mill of the same capacity and output as our own would be approximately Rs. 15 lakhs and that an additional Rs. 5 lakhs would be required for working capital.

2. *Worsted*s.—We have no *worsted* plant.

7. *Wool*lens.—Number of cards, spindles and looms—

Year.	Cards.	Spindles.	Looms.
1923-24 . . . . .	10	2,804	46
1928-29 . . . . .	10	2,804	46
1929-30 . . . . .	10	2,804	46
1930-31 . . . . .	10	2,804	46
1931-32 . . . . .	10	2,804	46
1932-33 . . . . .	10	2,804	46
1933-34 . . . . .	10	2,804	52
1934-35 . . . . .	10	2,804	52

8. All the above spindles and looms were employed up to 1930 but since then there have been periods when our output has been purposely restricted owing to lack of orders. Between March and August, 1932, 16 per cent. of our looms were idle; in December, 1933, the figure was 27 per cent. and for the first five months of 1934 our weaving production was restricted by 32 per cent.

9. The producing capacity of our 2,804 spindles per day of 9 hours on 8 skeins is 3,200 lbs.

10. Number of employees in the Woollen department has been as follows:—

Year.	Men.	Women.	Total.
1923 . . . . .	560	64	624
1924 . . . . .	548	61	609
1925 . . . . .	472	69	541
1926 . . . . .	498	76	574
1927 . . . . .	521	61	582
1928 . . . . .	516	71	587
1929 . . . . .	510	83	593
1930 . . . . .	522	106	628
1931 . . . . .	494	93	587
1932 . . . . .	446	72	518
1933 . . . . .	463	70	533
1934 . . . . .	318	40	358

11. Our production of yarn has been as follows:—

Counts.	44s	54s	64s	6 ske.	9 ske.	14 ske.	Total lbs.
1923-24 .	}						2,257,317
1925-29 .							1,415,170
1929-30 .							1,573,000
1930-31 .							1,936,588
Details not available.							
1931-32 .	496,631	600,644	716,427	11,877	4,555	...	1,830,134
1932-33 .	450,692	425,044	699,386	36,149	55,039	9,975	1,676,285
1933-34 .	511,836	366,423	46,419	183,797	95,516	30,620	1,233,616

From 1923 up to 1931 we consumed our entire production of yarn but since 1931 our sales of yarn have been as follows:—

1931-32.

1932-33.

1933-34.

112 lbs.

48,236 lbs.

216,298 lbs.

NOTE.—Details of actual counts sold are no longer available but it was all in counts between 44s and 60s Dewsbury.

12. The foregoing statement under No. 11 answers this question.

13. *Hosiery*.—We have no hosiery plant.

14. *General*.—(a) We have no worsted plant.

(b) The following is a statement showing the annual consumption of raw wool from 1922-23 to 31st December, 1934, under the two headings "Indian" and "Imported". We regret we cannot now separate Indian from East Indian wools.

Year.	Indian.	Average cost per lb.	Imported.	Average cost per lbs.
	lbs.	As.	lbs.	As.
1922-23 . . . . .	3,888,948	3' 73	...	...
1923-24 . . . . .	3,557,321	3' 73	...	...
1924-25 . . . . .	2,754,299	4' 78	...	...
1925-26 . . . . .	2,936,777	4' 32	...	...
1926-27 . . . . .	3,004,631	5' 03	...	...
1927-28 . . . . .	2,855,125	3' 87	...	...
1928-29 . . . . .	2,281,996	3' 35	...	...
1929-30 . . . . .	2,461,507	2' 87	...	...
1930-31 . . . . .	2,370,458	3' 35	...	...
1931-32 . . . . .	2,322,721	3' 33	...	...
1932-33 . . . . .	2,243,753	3' 38	12,266	12' 30
1933-34 . . . . .	1,441,397	2' 66	103,226	13' 60
April, 1934—December, 1934 .	1,193,293	1' 67	118,435	10' 87

15. East Indian wools are suitable for blankets and rugs and for coarse tweeds. We were using these types in large quantities up to the end of 1931 in the manufacture of a superior quality rug, but this trade has now been ruined by the importation of Italian rugs.

16. The average cost per lb. of the wool referred to in our answer to question No. 14 (b) is given under that heading.

17. The following has been our annual output of finished goods in lbs. for 1923-24 and from 1928-29 to 1933-34:—

*Rugs and Blankets.*

	lbs.		lbs.
1923-24 . .	2,494,919	1931-32 . .	1,716,322
1928-29 . .	1,159,031	1932-33 . .	1,545,183
1929-30 . .	1,362,981	1933-34 . .	1,101,099
1930-31 . .	1,765,619		

Our production of piece-goods has been very small and no records have been kept of the quantities made. It may be taken that our output of finished rugs and blankets represents not less than 98 per cent. of our total production.

During the year 1932, owing to competition from Italy we commenced the manufacture of rugs after the Italian style made from mixtures of wool, shoddy and cotton. This trade, however, requires different plant and entirely different technique which cannot be acquired without time, money and patient experiment, and our first year's work on this new style of rug resulted in a heavy loss. These experiments were continued and during the past year we were able to dispose of approximately 20,000 single rugs and 9,000 double rugs. During the past two years we have acquired much valuable experience and data in the manufacture of these shoddy rugs but the Italians are so far ahead of us that we have not been successful in obtaining our bare cost of production.

18. The value of unsold finished stocks at the end of the year 1923-24 and for 1928-29 to 1933-34 was as follows:—

	Rs.
The year ending—	
31st March, 1924	99,105
31st March, 1929	1,29,714
31st March, 1930	1,22,532
31st March, 1931	1,76,618
31st March, 1932	2,11,414
31st March, 1933	2,02,635
31st March, 1934	2,25,123

19. (a) We cannot manufacture hosiery yarns.

(b) We can supply yarn for weaving in counts from 40s (Dowsbury) to 20 skeins (Bradford) but the extent of the supply depends entirely on the requirements of our Weaving Shed.

(c) We make regular sales of low grade yarn to local carpet weavers and at present can supply up to 10,000 lbs. per mensem.

\* \* \* \* \*

22. It is impossible to answer this question in the form in which it is put as the losses referred to vary in accordance with the class of wool used. Wastage up to spun yarn may vary from 1 per cent. in the case of scoured and carbonised wool to 45 per cent. for low grade lined wools.

When the department is employed exclusively on blankets and rugs made from local wools, the following are fairly consistent average losses in weight during the different stages of manufacture:—

Loss in spinning.	Loss in weaving.	Loss in milling.
19 per cent.	4.5 per cent.	18 per cent.

∴ from 100 lbs. of wool 63.5 lbs. of finished goods will be manufactured.

23. The rates of depreciation allowed by the Income-tax authorities in Mysore are :—

(a) Buildings  $2\frac{1}{2}$  per cent. (b) Machinery 5 per cent. Electric power plant  $7\frac{1}{2}$  per cent.

We consider these rates reasonable.

The rates usually provided in our costings are as follows :—

Buildings  $2\frac{1}{2}$  per cent.

Machinery 5 per cent.

If the Mill worked double shift throughout the year we consider that an adequate rate of depreciation on Buildings would be 3 per cent. and on Machinery 10 per cent.

26.

	1923.	1928.	1929.	1930.	1931.	1932.	1933.	1934.	Per cent. Decline, 1928-34.
	Rs. A.	Rs. A.	Rs. A.	Rs. A.	Rs. A.	Rs. A.	Rs. A.	Rs. A.	
1. Cheap rug made from S. Indian wools.	5 10	4 6	3 10	3 6	3 1	2 12	2 6	2 6	46
2. Blankets weighing 5 lbs.	5 6	4 12	4 8	4 5	4 10	3 12	3 4	3 6	29
3. Superior rug made from E. Indian wools.	10 4	6 4	5 8	5 2	4 12	4 9	4 4	3 8	44

NOTE.—It will be noticed from the above that the price decline of the two Rugs since 1928 is very much greater than in the case of the Blanket which so far has not been affected by foreign importations. This clearly shows the adverse effect of Italian competition, since all three articles are made from Indian wools.

27. The bulk of our wool requirements is purchased in South India although the quantity is steadily declining. We buy direct from the growers or from collectors to whom we pay a commission of 1 anna per maund of 25 lbs. Tannery wools are either purchased direct from the Tanneries or from travelling representatives who are remunerated for the cleaning, packing and weighing of the wool at the tannery at the rate of 1 anna for every 25 lbs. of wool delivered to the Mill.

Our purchases of North Indian wools are made from wool merchants in the larger centres, e.g., Lahore, Fazilka, Delhi, etc. No commission is paid to these suppliers.

28. The marketing of our finished products is on a wholesale basis and we are represented by influential dealers in practically every Province and State in India. Each of these wholesale dealers is allotted a district of his own and it is only through such dealers that we accept orders. For canvassing orders and guaranteeing our bills drawn on their sub-dealers we pay these wholesale dealers a commission varying between  $2\frac{1}{2}$  per cent. and 5 per cent. depending on the nature of the business.

29. (i) We have so far had no difficulty in recruiting skilled labour locally.

(ii) At present the proportion is 8 males to 1 female.

(iii) The average daily wage paid for labour is as follows:—

	Rs.	A.	P.	
Card coolies . . . . .	0	11	6	per day.
Piecers (boys) . . . . .	0	8	3	„
Warpers . . . . .	1	2	0	„
Weavers . . . . .	1	4	0	„
Millers and Scourers . . . . .	0	11	6	„
Dyers . . . . .	0	11	6	„
Warehousemen . . . . .	0	14	3	„
Winders (women) . . . . .	0	8	0	„

(iv) Piece work is only paid in the Weaving department, but a production bonus is paid in Spinning when certain weights, depending on the counts being spun, are exceeded. In all other departments daily wages are paid.

(v) Efficiency standards to suit local conditions have been set in various departments at important stages of manufacture and records are kept of the results obtained. It is difficult to state what proportion of our labour attains these standards but the efficiency in Weaving averages 98 per cent.

(vi) We have received no information regarding the standard of efficiency in competing countries, other than the United Kingdom, where the standard is very much higher than in this Mill. A Mill in the United Kingdom of approximately the same size and capacity as this one would be run with considerably less hands than we now employ.

30. The housing of our lower paid labour is a matter which has been engaging our attention for many years but the difficulty has been to acquire suitable property for building purposes. We have now concluded negotiations with the Mysore Government for a 40 acre plot near the Mill and when the Municipality give us a water and lighting supply we propose to make a beginning. We may mention that a sum of Rs. 1,11,927 has already been reserved in the accounts for building workpeople's houses.

Welfare work in this Mill has developed along two lines: (a) Improvement in the workers' social conditions and (b) the cultivation of a closer relationship between employer and employed. Under the first heading we have a Mill school, night school, technical classes, dispensary, dramatic society, games and athletic organisations, and a workpeople's stores. The workpeople's stores sells provisions to the labourers at prices below retail bazaar rates. The Company pays the cost of administration and profits, if any, go back to the workpeople in the form of reduced prices. Credit is allowed to the extent of two-thirds of a month's wages for low paid men and half for the higher paid workpeople. The stores is managed by representatives of the Company and also of the workpeople and the Committee thus formed are responsible for the purchase and inspection of foodstuffs and the fixing of rates at which they are sold to the workpeople.

Under the second heading contact between employers and workmen is established through a Welfare Committee which consists of elected representatives of the workpeople from every department in the Mill, representatives from the Mill European officers and also from the Agents, Secretaries and Treasurers. A sub-committee composed of all the representatives of the workpeople meets once a fortnight and decides on the agenda to be discussed at a full meeting of the Committee the following week. The scope of the Committee extends to all matters pertaining to social welfare and conditions of work in the Mills, but questions relating to rates of wages and hours of work are not usually considered within the province of the Committee. A Welfare Superintendent paid by the Company acts as a mediator between the Management and the workpeople, also as Secretary and interpreter of the Welfare Committee and Sub-Committee. The scheme has so far worked extremely well. The workpeople know that personal grievances

will receive a patient hearing and collectively they can approach the Management in the Welfare Committee where all kinds of questions are threshed out in discussion by both sides. The Minutes of these meetings are printed in English, Tamil and Kanarese and circulated throughout the Mill.

The foregoing is a very condensed account of the Welfare work which we have been doing in these mills for very many years past.

31. Strikes have occurred on three occasions in the past.

In 1926 owing to a misunderstanding the workpeople thought they were to be denied their customary half-yearly Cash Bonus and therefore struck work. On being reassured that this Bonus would be paid as usual work was resumed.

In 1929 the workpeople went on strike demanding the reinstatement of a dismissed hand who, we afterwards learnt, was a prominent member of the local Labour Union. At the end of three weeks the employees resumed work unconditionally.

In 1931, owing to severe losses the Company was unable to pay the usual half-yearly cash bonus to workpeople. A strike resulted and work was not resumed for three weeks when the men came back unconditionally.

32. We regret we have no record of c.i.f. or wholesale market prices for imported rugs prior to 1934. The only figures we have been able to obtain are given in the statement sent in answer to question No. 17.

33. (a) By far the most severe competition in the Rug trade comes from Italy. Their importation of Shoddy Rugs has made it impossible for us to sell a superior type of rug made from Indian wools except at prices not less than 4 annas per lb. below the bare cost of production. Our trade in this line, once a profitable occupation, is now practically non-existent.

(b) Competition from Indian mills is most severe in the grey blanket trade which has so far not been affected to any great extent by importations from other countries. Mills which hitherto did a large Rug business have however been so discouraged by continued losses that they have now turned their attention to coarse blankets and blanketting cloth with the result that there has been considerable price cutting which leaves no margin of profit. As evidence of this a reference might be made to the *Indian Trade Journal* dated the 29th November, 1934, which gives the price at which the Government of India placed their last order for barrack blankets. Given below are the prices at which this contract has been placed during the past seven years:—

Year.			Price.		Year.			Price.	
			Rs. A. P.					Rs. A. P.	
1928	.	.	{	4 15 9	1932	.	.	{	4 0 0
	.	.	{	4 13 0		.	.	{	3 12 0
1929	.	.	{	4 11 6	1933	.	.	{	3 3 0
	.	.	{	4 12 0		.	.	{	2 15 0
1930	.	.	{	5 4 0	1934	.	.	{	2 14 0
	.	.	{	5 8 0		.	.	{	
1931	.	.	{	4 14 6		.	.	{	
	.	.	{	4 8 0		.	.	{	

34. It is certainly true in the case of rugs that the severest competition is felt from foreign goods that are mixtures. By "mixtures" we do not exclude goods made from a mixture of shoddy and new wool which are labelled as "All Wool" articles and imported as such.

35. We regret we cannot answer this question as we do not manufacture worsted goods.

36. As our production is almost exclusively confined to blankets and rugs, on which the duty has remained unchanged since 1931, the successive increases referred to have been of no benefit to us.

37. The specific minimum duty of Re. 1-2 is not applicable to blankets and rugs, and we are therefore not answering this question.

38. The majority of Indian wools are coarse and although they will produce a strong and serviceable article it is impossible to obtain with them the soft handle of articles made from imported wools or those made from shoddy or shoddy mixtures. There are one or two qualities of Indian wools, e.g., Biccaneere "fine white" which compare favourably with 50s Australian cross-breeds but the supply is so limited that they cannot be regarded as a substitute for the coarse varieties of Indian wools.

In Mysore State much progress has been made in improving local wools by the importation of Australian Merino rams. Some quite successful cross-bred types of wool have been produced but the supply is still very small.

We are entirely opposed to the suggestion that a duty on imported wool should be imposed and the proceeds devoted to the improvement of sheep breeding, even if a compensating duty on imported finished articles is granted. Why should not the duty on imported finished articles be raised and a part set aside for the improvement of Indian wools? This would have the effect of assisting both the industry and the growers of the wool.

39. We have received no information that articles manufactured wholly or partly from synthetic wool have been imported into India.

We have experimented on a small scale with this material, but as it lacks the milling properties of natural wool it is unsuitable for the manufacture of blankets and rugs.

40. Our principal markets are in India and Burma.

Up till 1928-29 we did a moderate business in rugs in Persia but the present monetary policy of that country has closed this market to us. We are trying to work up a trade in Afghanistan and have recently exhibited in the Kabul exhibition, but prospects are not bright.

41. Given an assured market Indian mills can in our opinion supply all the blankets and rugs now being imported. There are approximately 600 looms in the heavy woollen trade in India and on the basis of a 9 hour working day these looms are capable of producing 12,000,000 lbs. weight of blankets and rugs per annum. It might mean that some looms now engaged on unprofitable coarse rugs would be turned over to the manufacture of the finer article, but any deficiency in the production of low grade rugs could be supplied by the handloom weavers who would welcome additional orders for cumblies.

42. The rates of freight paid on finished goods from Bangalore to some of our important markets are as follows:—

Bangalore to Calcutta	. . .	·80 annas per lb.
" " Cawnpore	. . .	·84 " " "
" " Amritsar	. . .	1·11 " " "
" " Karachi	. . .	1·04 " " "
" " Rangoon	. . .	1·05 " " "
" " Lahore	. . .	1·00 " " "

If to the above we add the freight paid on raw wool purchased in North India, which may amount to over one anna per pound, the resultant figure will probably compare unfavourably with the subsidised steamer freights to India enjoyed by the Italians.

43. Our low grade coarse rug and the cumblie on the handloom are bought by the same class of person and in this respect there is a certain amount of competition. The low prices at which the mills have been obliged to sell these low grade rugs during recent years has hit the handloom weavers, and practically the only markets left to them are in the districts where there are a large number of tea, coffee and rubber estates. They retain these markets because the cumblie is greasy and therefore almost waterproof, which the mill made article is not.



44. The cost of production, in the case of this mill, has already been reduced to a minimum and short of a cut in wages, which we have so far avoided, we do not anticipate being able to effect further economies (apart from those effected by continuous working) even if a period of increased protection is granted. Our plant is efficient and, as far as we are aware, there are no improved methods of manufacture in the heavy woollen trade which we have not already adopted.

45. (1) We consider that imports of blankets and rugs should be restricted by means of a quota and that the present rate of import duty on these articles should be raised.

(2) If an annual quota of 4 million pounds weight of blankets, blanketting cloth and rugs from all countries can be arranged, we suggest an increase in the present duty of not less than 10 per cent. against all foreign countries. If the above quota cannot be arranged we are of opinion that an additional duty of 30 per cent. is necessary to protect the Indian industry.

(3) Not less than five years.

(4) Blankets, Blanketting Cloth and Rugs (other than floor rugs) made from wool (new wool, wool waste or reclaimed wool) or a mixture of wool, as defined above, and any other material.

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(3) *Letter dated the 18th March, 1935, from the Bangalore Woollen, Cotton and Silk Mills Company, Limited, Bangalore.*

#### WOOLLEN MILL ENQUIRY.

We have the honour to refer to the oral examination of our representative by the Tariff Board on the 7th instant and to the statement of yields prepared by Mr. J. Addyman.

For the years 1932-33 and 1933-34 under the heading "Yarn consumed", you have correctly deducted yarn sold to the market, but in reply to question No. 17 we have unfortunately included this yarn in the weights of finished goods produced. In explanation of this we would mention that it is our usual practice to include in our records of finished goods any quantity of yarn sold to the market.

The last seven columns of the statement you have prepared for the years 1932-33 and 1933-34 should therefore be amended in accordance with the particulars enclosed.

With regard to question No. 44 the Board asked our representative to estimate the degree of economy which could be expected if the department was working at full pressure. It is very difficult to give you a reliable figure, but we are of opinion that the saving in costs by full pressure working might amount to as much as 10 per cent.

	Yarn consumed.	Finished goods.	Per cent. of yield from yarn to finished goods.	Raw wool consumed.	Finished goods produced.	Finished yield.	Average cost per lb.
	Lbs.	Lbs.	Lbs.	Lbs.	Lbs.	Lbs.	Annas.
1932-33 .	1,676,285	1,545,183		2,256,009	1,545,183		
	Yarn sold	48,236	91-95	Less wool consumed for yarn sold.	Less yarn sold	68-32	5-15
	1,628,049	1,496,947		2,191,089	1,496,947		
1933-34 .	1,233,616	1,101,099		1,544,623	1,101,099		
	Yarn sold	216,298	86-83	Less wool consumed for yarn sold.	Less yarn sold	69-04	7-49
	1,017,318	884,801		1,273,777	884,801		

NOTE.—(a) In arriving at the average cost per lb. for finished goods we have deducted one anna per lb. for the cost of producing yarn sold. The balance of the expenses has then been divided by the weight of finished woven goods to arrive at the figures given in the last column.

(b) The increased cost of production in these two years is due to finer counts being worked and also to curtailed production.

**The Kaiser-i-Hind Woollen, Cotton and Silk Mills, Limited,  
Bangalore.**

(1) *Letter dated the 7th February, 1935.*

I have the honour to enclose herewith 6 copies of our answers to the questionnaire issued by the Board.

Enclosure.

ANSWERS TO THE QUESTIONNAIRE ISSUED BY THE TARIFF BOARD.

1. (a) In the year 1922.
- (b) Authorised: Rs. 50,00,000.  
Paid-up: Rs. 14,58,600.  
Reduced in 1927-28, to Rs. 3,64,650.  
Less call in arrears: Rs. 1,250.  
Balance: Rs. 3,63,400.
- (c) Yes. Posted from 1924.
- (d) *Block account (without machinery)*—  
Rs. 4,62,197-6-2. Reduced to Rs. 1,95,398-1-2, when the capital was reduced in 1927-28.  
Written-off: Rs. 40,324-12-8.  
Additions made: Rs. 59,222-4-0.  
Book value to-day: Rs. 2,14,293-6-10.

*Machinery account—*

	Rs.	A.	P.
1927-28 . . . . .	2,30,390	2	1
Additions up to 1934-35 . . . . .	2,46,800	1	11
	<hr/>		
	4,77,190	4	0
Less Depreciation to date . . . . .	1,21,130	1	1
	<hr/>		
	3,56,060	2	11

(e) We consider that the cost to-day of setting up a mill with the same capacity of output as ours would be round about Rs. 16,00,000. (This figure includes a working capital of Rs. 4,00,000.)

*Woollens.*

7. At present: 8 cards, 3,275 spindles and 41 looms.  
1923-24: 6 cards, 2,400 spindles and 43 looms.  
1928-29 to 1930-31: 8 cards, 2,400 spindles and 43 looms.  
1931—date: 8 cards, 3,275 spindles and 41 looms.
8. The majority of our spindles we kept employed, but in several instances they were only producing material for stock.
9. About 2,800 lbs. for 9 hours working. Our production here is slightly low as our cards are not really suitable for 8 skeins yarns.
10. As per Appendix A.
11. 1923-24 not available. Since 1928-29 see Appendix B.
12. As per Appendix B, less sales mentioned below:—  
1930-31—135,000 lbs.  
1931-32—187,000 lbs.

14. As per Appendix C. (We use all country wool except about 5 per cent. Basrah wool imported.) No tops are used.

15. For all our products such as blankets and rugs we use practically 100 per cent. Indian wool.

16. As per Appendix D.

17. (a)

	Blankets and rugs.	Weights. Lbs.
1923-24 . . . . .	101,847½	398,440½
1928-29 . . . . .	202,140½	790,803½
1929-30 . . . . .	231,188½	881,571
1930-31 . . . . .	Not available.	
1931-32 . . . . .	194,132	762,139
1932-33 . . . . .	223,071½	870,726
1933-34 . . . . .	281,020½	1,072,591
1934-35 (Decr. end) . . . . .	221,207	929,800

As in the woollen industry, in general, we also use about 10 to 15 per cent. of recovered shoddy in our mixings.

18. As in Appendix E. These figures are arrived at by taking them on the basis of valuation or market cost whichever is lower.

19. (a) Nil.

(b) & (c) We are in a position to manufacture all kinds of yarn for weaving rugs, blankets and carpets below 8 skeins—For providing other manufacturers we keep our carding and spinning departments working double shifts. This would double our daily output which is sufficient to keep all our looms working. So we should be in a position to manufacture 2,800 lbs. per day (on a basis of 8 skeins) to sell to other manufacturers. On 2 occasions we have supplied yarn amounting to 322,000 lbs. to Jails for manufacturing blankets.

20. As per Appendix F.\*

21. Same as Appendix F, since we manufacture only blankets and rugs.

N.B.—Supposing for the year 1933-34, taking one of our medium quality of rugs the blend of which comes to about 86 pies, the material in blanket comes to 158 pies for white plain and 179 pies for coloured.

And to make a blanket in 3½ lbs. with 50 per cent. and 50 per cent. of coloured and plain, it costs in blanket Rs. 3-1 and the making Re. 1-13-6, which then costs Rs. 4-14-6 nett.

Adding the discount and commission, the selling price even without any profit to manufacturer, will work out to Rs. 5-12, whereas an imported rug costing about Rs. 4-8 looks better and is more easily saleable than any Indian rug of the above description.

22. (a) For the qualities of wool which we are using the losses are as under:—

*From wool to yarn:* 20 per cent. loss plus 16 per cent. shoddy and soft waste.

(b) *From yarn to cloth:* 10 per cent. loss in hard waste which is recovered, plus 20 per cent. loss during the finishing processes.

23. (a) & (b) Depreciation—

on buildings 2½ per cent.	} Both by the income-tax authorities and ourselves.
on machinery, general, 5 per cent.	
on dyeing and electrical 7½ per cent.	
on rolling stock 20 per cent.	

\* Not printed.

We consider these rates reasonable for single shift working—for double shift working, the rates should be about 75 per cent. more.

24. Yes. The Managing Agents get a remuneration of Rs. 1,000 per month, besides 12½ per cent. commission on nett profits.

25. Amount borrowed from Banks at 7 per cent. interest now.

26.		Lowest.			Superior.		
		Rs. A. P.			Rs. A. P.		
	1925 . . . . .	5	2	0	12	8	0
	1928-29 . . . . .	3	4	0	10	0	0
	1929-30 . . . . .	3	2	6	10	0	0
	1930-31 . . . . .	3	2	6	9	8	0
	1931-32 . . . . .	3	2	0	9	8	0
	1932-33 . . . . .	2	8	0	8	4	0
	1933-34 . . . . .	2	6	0	8	4	0
	1934-35 . . . . .	2	6	0	8	8	0

NOTE.—Even though the cost of superior rug in the year 1925 was higher, we had a very good sale. Now we have reduced it much, yet the present sales are negligible.

(a) & (b) More due to foreign than internal.

(c) The fall in general wholesale prices does not correspond with the realisations. For example, the wholesale market price of a rug does not fall equivalently to the raw material as the manufacturing charges remain practically the same.

27. Mostly contracted directly with suppliers without middlemen, but in cases through middlemen, middlemen keep a profit of 2 to 4 annas.

28. Agency system all over. A discount of 10 per cent. and a commission of 5 per cent. are allowed to our agents, out of which the agents generally part with 10 to 12 per cent. to retailers.

29. (I) (a) No. (b) Yes.

(II) 4 males to 1 female.

(III) Departments of preliminary process: As. 8 per day.

Spinning and carding (average): As. 10 per day.

Warping and weaving: As. 16 per day.

Winding (women and boys): As. 5 per day.

Finishing and dyeing: As. 10 per day.

Warehouse: As. 8 per day.

(IV) Winding, warping and weaving are paid by piece-work. Rest—Daily wages.

(V) Yes, as we have fixed an efficiency standard of our looms at 40 per cent., most of our weavers attain this standard. In some cases (about 5 to 7½ per cent.) exceed this standard fixed for which they get a bonus.

(VI) At present rather low, but there is every possibility of the efficiency being raised if scope is given.

30. Have Mill quarters for work people, and free medical aid.  
 31. Yes. On two occasions when there was reduction in wages. Reduction accepted after a stoppage for two weeks.  
 32.

Quality and size.	Wholesale price (Bangalore rate.)	Quality and size.	Wholesale price.
<i>Italian.</i>	<i>Rs. A.</i>	<i>Ours.</i>	<i>Rs. A.</i>
"Calcutta," 84" x 54" x 2 lbs. 2 ozs. . . . .	2 10	"New Bombay Fancy," 84" x 54" (all wool) . . .	3 13
"Gloria," 54" x 88" x 5 lbs. . .	5 13	"Tarton" (all wool) . . .	7 11

The prices of imported goods have been lower in most cases by 30 to 40 per cent. than the Indian made goods in the last six years.

33. As far as we are concerned, the most severe competition has been felt from (a) foreign imports, i.e., Italian rugs.

34. Quite true.

35. Want of finer quality of Indian wool.

36. Nil. As there has been no increase in duty since 1931.

37. It has not helped rugs and blankets trade.

38. Indian wool resembles a hair in all respects rather than a wool. Its properties are very few, having none of the serrations on surface of the fibre which are essential to all processes in manufacturing. It has no elasticity, wavyness or Milling properties which all good wools that are grown for the manufacturing of yarns and fabrics must possess.

The only practicable way to improve Indian grown wools is to cultivate the sheep, giving them good pasturage on the plains, and cross them with good imported sheep from any of the chief wool growing countries in the world. Good reliable information regarding this subject can be obtained from Professor Baker's (of the University of Leeds) book on wool carding and combing, where detailed reference is given on Mendle's Theory of Sheep Breeding. We strongly oppose any suggestion made regarding an import duty being levied on wools.

39. We have no knowledge.

40. Now only in India. We have lost the Burma and Ceylon markets since 1928.

41. Given an assured market, and the suggestion contained in our answer to question No. 38 carried out, the Indian Mills can successfully meet the demand for superior classes of goods.

42. The present railway freight on raw material adds 5 per cent. to 7½ per cent. on the price of our finished products. Supposing we send a 3-lb. rug from Bangalore to Calcutta, it costs us approximately 2½ annas against the imported rug which has the advantage of cheap sea freights to-day. The foreign competitors have a decided advantage. The present railway freight is felt very severely by us in Bangalore—being situated well inland—the foreign competitor landing his rugs in Bombay can send them by rail towards Calcutta at a rate of Re. 1 per maund which works out for the whole distance 9 pies per 3-lb. rug, whereas approximately the same distance costs us 2 to 2½ annas.

43. There is a certain amount of competition in the same markets between the Mills and the hand loom weavers—but to a very small extent. The handloom weavers are still in a position to retain the business of manufacturing grey cumblies where a greasy blanket is required to act as a waterproof blanket.

44. We suggest that the shortest period for which protection should be given to achieve substantial results would be 12 years. We have already

achieved considerable economies during the last few years by reducing the numbers employed in various departments as individual efficiency has increased.

With adequate protection, we anticipate that a considerable increase in the individual efficiency of all classes of operatives could be achieved, since full time working would be possible the whole year round. Progress might also be expected in the direction of standardization, and very considerable economies would be achieved in the case of our mills in the actual cost of manufacture if continuous working could be counted on owing to the reduction which large scale production would achieve in interest charges on our capital debt.

45. (i) & (ii) An extra import duty of not less than 35 per cent., or a quota basis on the last five consecutive years previous to 1932-33 with 10 per cent. increase in the duty.

(iii) Either of the above protection should be enforced for at least 12 years.

(iv) Rugs and blankets so far as we are concerned. In conclusion, we feel we must invite your attention to the growing menace of the coming Japanese competition which seems likely to threaten the very existence of the woollen industry in India unless timely steps are taken to stem its growth.

#### APPENDIX A.

Departments.	1926-27.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.	1932-33.	1933-34.
Preliminary Process .	53	37	34	43	47	51	58	54
Carding . . .	47	43	46	53	53	52	50	56
Spinning . . .	47	46	57	62	64	67	57	64
Mending . . .	42	53	73	63	41	62	49	60
Mechanical . . .	43	41	49	50	40	46	79	90
Warehouse . . .	33	24	29	39	49	48	44	41
Dye House . . .	..	1	9	7	..	..	17	16
Finishing . . .	24	27	30	36	42	50	21	43
Watchman . . .	12	13	16	20	19	20	37	25
W. Winding . . .	58	106	89	80	97	103	109	126
W. Weaving . . .	69	88	101	93	95	102	88	160
<b>TOTAL</b> .	<b>428</b>	<b>479</b>	<b>533</b>	<b>546</b>	<b>547</b>	<b>601</b>	<b>609</b>	<b>735</b>

#### APPENDIX B.

##### Woollen 3 to 4 skeins.

	Lbs.		Lbs.
1928-29 . . .	1,229,785	1932-33 . . .	1,336,602
1929-30 . . .	1,243,291	1933-34 . . .	1,667,458
1930-31 . . .	1,337,844	1934, December . . .	1,261,200
1931-32 . . .	1,345,723		

## APPENDIX C.

	Lbs.		Lbs.
1924-25 . . . .	1,303,937	1929-30 . . . .	1,200,980
1925-26 . . . .	1,127,873	1932-33 . . . .	1,651,404
1926-27 . . . .	1,025,472	1933-34 . . . .	1,707,826
1928-29 . . . .	1,092,918	1934-35, December .	1,365,983

## APPENDIX D.

	Total value of production.			Value per lb.
	Rs.	A.	P.	Annas.
1924-25 . . . .	4,40,327	10	0	5-40
1925-26 . . . .	4,56,857	0	3	6-48
1926-27 . . . .	2,93,428	10	0	4-58
1928-29 . . . .	2,78,800	6	7	4-08
1929-30 . . . .	3,28,961	3	5	4-38
1932-33 . . . .	2,63,623	5	0	2-55
1933-34 . . . .	2,74,854	4	9	2-58
1934-35, December .	2,26,601	0	11	2-65

NOTE.—Arrive at the average annual price per lb. by stating the annual consumption of wool figures as given in Appendix C and divide into the annual price paid as in Appendix D.

## APPENDIX E.

Stock unsold.									
Rs.			A.	P.	Rs.			A.	P.
1923-24 . . . .	1,93,513	5	9	1931-32 . . . .	2,81,764	3	7		
1928-29 . . . .	3,95,979	2	3	1932-33 . . . .	2,51,887	6	8		
1929-30 . . . .	4,08,282	15	3	1933-34 . . . .	2,38,665	3	5		
1930-31 . . . .	28,707	10	2						

Market or cost price whichever lowest.

(2) Letter No. 109, dated the 8th February, 1935, from the Secretary, Tariff Board, to the Kaiser-i-Hind Woollen, Cotton and Silk Mills, Limited, Bangalore.

I am directed by the Tariff Board to refer to your answers to the questionnaire and to request you to be so good as to elucidate the following points in regard to Appendix F:—

- (1) Will you please explain what is included under the head "Any other expenses" making it clear whether they are manufacturing costs or overhead expenses.
- (2) It is noticed that the head "Rents, Rates and Taxes" has been omitted. Is there no expenditure under this head?
- (3) Kindly state the amount of your working capital and state how it is arrived at. Have the interest charges been included in "Capital Charges" in this Appendix?



(3) *Letter No. 13/128, dated the 11th February, 1935, from the Kaiser-i-Hind Woollen, Cotton and Silk Mills, Limited, Bangalore.*

We have to acknowledge receipt of your letter No. 109 of the 8th instant, in reply to which we wish to state as follows:—

- (1) Under the head "Any other expenses", are included the following:—Audit fees, Bank charges, Directors' travelling expenses, Legal expenses, Managing agency remuneration, Postages, Stationery and printing, Trade charges, Up-keep of live and rolling stock, Dispensary.
- (2) *Re Rent, Rates and Taxes.*—No expenses are incurred under these headings.
- (3) Our working capital is Rs. 4,00,000. This is arrived at by transmitting the Bank Drafts and by raising loans periodically for the purchase of raw materials, etc. Interest charges are included in Capital Charges.

(4) *Letter No. 14338, dated the 26th March, 1935, from the Kaiser-i-Hind Woollen, Cotton and Silk Mills, Limited, Bangalore.*

#### *Re Your Questionnaire.*

We beg to give below a more detailed answer to questions Nos. 17 (a), 21 and 29 than what we have given in the answers already sent to you.

*Question No. 21.*—We presume our average production to be about 35,000 units per month. (We manufacture blankets and rugs with Picks ranging from 6 to 12 in the loom and we call them so many units per blanket, *e.g.*, 6 picks blanket is equal to 6 units, 12 picks blanket is equal to 12 units and so on.) Taking this production and the total expenses as per our answer to your question No. 19 under heading "manufacturing costs", it works out to exactly 90 pies per unit. This manufacturing costs is added to the cost of the materials and thus the cost of the Blanket is obtained.

To explain in more detail as to how we arrived at 158 pies and 179 pies per blanket respectively for white and coloured: we take a solid blend say in this case a cutchi quality of wool, which to-day stands in our books as As. 7-2 and after dust shoddy, hard waste and milling waste, the material retained in the blanket from this blend will be approximately 50 to 55 per cent. and hence it costs 158 pies. For colouring we add one anna per lb. in wool which when finished will come to 21 pies and this after adding to 158 pies works out to 179 pies.

*Question No. 29.*—Further to the particulars which we have given in answer to this question we append herewith a statement giving in detail the wages paid in each department showing separately Carding and Spinning:—

	Rs. A.		Rs. A.
Preliminary Process .	0 8	Dyehouse . . .	0 8
Carding . . .	0 10	Finishing . . .	0 9
Spinning . . .	0 9	Watchman . . .	0 5
Mending . . .	0 8	W. Winding . . .	0 4
Mechanical . . .	0 13	W. Weaving . . .	1 1
Warehouse . . .	0 8		

*Question No. 17 (a).*—We attach herewith a statement.

Enclosure.

Years.	No. OF BLANKETS.					Total blankets.	Total weight.
	3—3½ lbs.	4—4½ lbs.	5—5½ lbs.	6—6½ lbs.	7—7½ lbs.		
							lbs.
1923-24 . . .	48,059½	30,534	22,983	..	266	1,01,847½	3,98,440½
1923-29 . . .	34,766	1,51,083	16,286	..	..	2,02,140½	7,90,803½
1929-30 . . .	1,00,570	91,395	39,217½	..	..	2,31,186½	8,81,571
1930-31 . . .	..	..	..	..	..	..	..
1931-32 . . .	91,942	29,732	68,954	3,454	..	1,94,132	7,62,139
1932-33 . . .	1,07,315	30,293	85,463	..	..	2,23,071½	8,70,726
1933-34 . . .	1,07,323	7,250	1,06,447½	..	..	2,81,020½	10,72,591
1934-35 (Decr. end)	98,208½	5,443½	1,17,228	290½	36½	2,21,207	9,29,800

### Raymond Woollen Mills, Limited, Bombay.

(1) Letter dated the 11th February, 1935.

#### APPLICATION OF THE WOOLLEN INDUSTRY FOR PROTECTION.

In reply to your letter No. 4, dated the 4th ultimo, we have pleasure in sending herewith 6 copies of our reply to the questionnaire enclosed with your letter.

It would be appreciated if the figures we have shown relating to the internal organisation of the Raymond Woollen Mill, particularly those shown on the Balance Sheets, could be kept private. The other information we have supplied is of course of a general nature and we would naturally have no objection to publication.

We are also sending you samples of the cloths mentioned in our summary No. 3 and of the yarns mentioned in our summary No. 3-A relating to our answer to questions 21 and 22. The summary 3-B mentioned in our answer to questions 20-22 is not sent in duplicate but copies will be sent to you if required.

We are also sending you a sample of "Gloria" rug and 4 of the 5 Japanese suiting qualities mentioned in our answer to question No. 32.

With reference to your letter No. 50, dated the 18th ultimo, we have pleasure in sending the following samples:—

- (1) Camel rug.
- (2) "Royola" rug (made of 100 per cent. Indian wool).
- (3) Special cellular blanket.
- (4) Superfine merino lohi.
- (5) Superfine serge.
- (6) A selection of superfine knitting yarns.

All the above are recent productions of our Mill of higher grade qualities which will serve to show the progress which has been made.

We notice one omission in our replies to the questionnaire, this relates to our answer No. 18. For your information we would state that the valuation of stocks is based on the market price or cost price, whichever is lower, on date of valuation.

Enclosure.

*Replies to Questionnaire.*

1. (a) November, 1925.

(c) The cost of setting up a Mill with the same capacity to-day is estimated to be about Rs. 26 lacs. This does not include working capital. It must also be noted that the rate will vary according to the amount paid for land and buildings.

2. (i) Spindles 10,400. Looms 128. There has been no change in the number of spindles and looms on the worsted side of the Mill since it was taken over by us.

(ii)

	Average No. of spindles worked daily.	Average No. of looms worked daily.
1930 . . . . .	2,204	27
1931 . . . . .	1,359	Nil
1932 . . . . .	2,370	18
1933 . . . . .	1,828	32
1934 . . . . .	3,916	47

(iii) (a) 1,200 flyer spindles, and

(b) 9,200 cap spindles are installed in the worsted department.

3. The producing capacity of the total number of worsted spindles is calculated to be 5,200 lbs. per day on a count of 20s spinning hosiery twist out of a 46s top and 4,750 lbs. per day on a count of 20s spinning weaving twist out of a 46s top. The figures are based on a 9-hour working day.

4.

—	Worsted carding, combing and spinning.	Winding, warping and weaving.	Finishing and dyeing.	Warehouse.	Miscellaneous.
1930 . . . . .	372	159	71	68	130
1931 . . . . .	204	100	59	32	89
1932 . . . . .	289	48	29	16	74
1933 . . . . .	245	85	58	27	82
1934 . . . . .	205	110	87	26	93

NOTE.—The figures in the last four columns also include the number of employees engaged on the corresponding sections of the woollen department.

5.

—	Weaving yarn.	Hosiery yarn.	Knitting wool.
1930 . . . . .	210,332	188,807	12,650
1931 . . . . .	155	282,661	22,830
1932 . . . . .	129,217	540,092	65,436
1933 . . . . .	207,337	90,789	103,811
1934 . . . . .	300,575	297,306	140,365

K

The details of counts spun are on the attached summary No. 1.

6. (a) Except for negligible quantities sold outside the quantities shown in answer to question 5 were for our own consumption.

(b) The hosiery yarn production shown in answer to question 5 was sold in its entirety to outside parties. It may be noted that some quantities are understood to have been used for weaving on hand looms and not for hosiery.

7. There are 6 cards, 2,880 spindles and 68 looms in the woollen section of the Mill. We commenced operations with this number in 1926 and no changes have been made since then.

8.

		Average No. of spindles worked daily.	Average No. of looms worked daily.
1928	. . . . .	1,659	...
1929	. . . . .	962	...
1930	. . . . .	692	4
1931	. . . . .	1,016	16
1932	. . . . .	446	5
1933	. . . . .	522	9
1934	. . . . .	967	16

9. Basing on a 9-hour working day on a count of 8 skeins production is calculated to be 2,880 lbs. per day.

10.

	Carding and spinning.	Winding, warping and weaving.	Finishing and dyeing.	Warehouse.	Miscellaneous.
1930 . . . . .	79	159	71	68	130
1931 . . . . .	72	100	59	32	89
1932 . . . . .	30	48	29	16	74
1933 . . . . .	40	85	58	27	82
1934 . . . . .	50	110	87	26	93

NOTE.—The figures in the last four columns also include the number of employees engaged in the corresponding section of the worsted department.

11.

	Lbs.		Lbs.
1928 . . . . .	935,932	1932 . . . . .	187,746
1929 . . . . .	541,146	1933 . . . . .	168,454
1930 . . . . .	355,218	1934 . . . . .	355,928
1931 . . . . .	510,334		

Total production only is given as it is not possible to give each count separately. It would be reasonable to state that the average count is  $3\frac{1}{2}$  skeins.

	Lbs.		Lbs.
1930 . . . . .	293,718	1933 . . . . .	167,563
1931 . . . . .	474,716	1934 . . . . .	355,928
1932 . . . . .	161,396		

13. No hosiery plant is installed in the Mill. One sample knitting machine has operated occasionally for experimental purposes but we do not include output figures for the purposes of this enquiry.

14.

	WORSTED SECTION.			WOOLLEN SECTION.		
	Tops, Foreign.	Foreign wool.	Busra wool.	Busra wool.	Indian wool.	Foreign wool.
	lbs.	lbs.	lbs.	lbs.	lbs.	lbs.
1926 . . .	298,742	..	323,490	170,633	1,114,390	..
1927 . . .	168,490	3,299	217,009	98,189	1,299,772	10,916
1928 . . .	379,266	13,358	700,165	20,390	931,328	..
1929 . . .	581,112	215,803	303,976	60,522	418,779	10,666
1930 . . .	304,788	22,968	235,605	2,380	189,256	..
1931 . . .	231,314	82,278	344,919	47,690	192,928	33,044
1932 . . .	814,363	2,012	123,488	30,390	156,522	1,853
1933 . . .	490,203	1,503	349,491	5,335	150,180	9,729
1934 . . .	708,178	29,069	292,013	20,318	201,159	214

15. East Indian wool of the imported varieties has been used for coarse worsted yarns consumed by hosiery plants supplying certain requirements of the Government of India. Indigenous East Indian wools as well as certain imported types have been used on the woollen side for blanket yarns which have been supplied to jails, etc., and for use in our own woollen weaving section.

16.

	Foreign tops. Average rate per lb.	Busra wool. Average rate per lb.	Indian wool. Average rate per lb.	Foreign wool. Average rate per lb.
	AS. P.	AS. P.	AS. P.	AS. P.
1926 . . .	23 7	6 3	5 2	13 0
1927 . . .	29 3	6 2	4 10	16 8
1928 . . .	31 11	6 0	6 9	28 9
1929 . . .	20 5	6 0	5 1	12 0
1930 . . .	18 5	6 3	3 9	9 7
1931 . . .	13 3	4 2	3 1	14 10
1932 . . .	14 4	4 5	3 5	15 3
1933 . . .	13 3	4 5	2 6	15 4
1934 . . .	10 11	4 9	3 5	11 0

It may be stated that our average prices for the years 1931, 1932 and 1933 for tops and 1932 and 1934 for Indian wools have been increased by purchases of finer qualities being made for these years. The general tendency, however, has been for a decline in prices.

17. (i) We are only able to give accurate records in reply to this question from the year 1930. Items (d) and (e) are omitted as we are not interested in the manufacture of hosiery or carpets.

	Rugs and blankets.	Shawls.	Piecegoods.	Other sorts.
	lbs.	lbs.	lbs.	lbs.
1930 . . .	89,803	152,019	2,806 woollen . 14,824 worsted .	105
1931 . . .	318,765	..	4,530 woollen . 168 worsted .	..
1932 . . .	91,048	83,552	1,582 woollen . 12,173 worsted .	..
1933 . . .	94,513	158,092	16,679 woollen . 24,941 worsted .	2,204
1934 . . .	186,173	225,903	12,168 woollen . 22,033 worsted .	15,664

(ii) This question presumably refers to a type of article being imported from Italy (rugs, etc.). We have not experimented in producing such types of shoddy articles at the Raymond Woollen Mills.

18. We give records for value of unsold yarn and cloth as at the end of our financial year from 1929 onwards. These are as under:—

	Yarn.	Cloth.
	Rs.	Rs.
1929 . . . . .	89,614	3,28,088
1930 . . . . .	34,048	1,71,932
1931 . . . . .	32,132	40,696
1932 . . . . .	46,414	52,742
1933 . . . . .	32,970	53,554
1934 . . . . .	450	10,133

19. (a) Calculating on the basis of 20s count and assuming that the Worsted section was fully occupied we should be in a position to sell to outside parties 25 per cent. of our total worsted yarn production, i.e., approximately 1,300 lbs. per day.

(b) With a double shift in the spinning section working this would be increased to 6,500 lbs. per day.

(c) Carpet yarns are generally spun on the woollen side and in the event of our woollen plant being fully occupied we should not be in a position to dispose of any of our production to outside parties except in the case of the woollen weaving plant working day shift only and the spinning plant day and night shifts when we should be able to dispose of 2,800 lbs. of 8 skeins yarn to outside parties.

We have sold considerable quantities of worsted yarn to outside parties since the inception of the Mill and the amount of such sales can be gauged from answers to questions Nos. 5 and 6.

20-22. No separate records have been maintained for the worsted and woollen sections and the details called for are not readily available. The attached summary No. 2, however, supplies such figures as we can give and are the actual figures shown in the Profit and Loss Accounts for the years 1928 to 1933. For the year 1932 exact details as required have been extracted and are shown separately, this will serve to give an indication of the actual expenses under the detailed heads required. The method of allocating the charges is shown on the statement No. 2-A attached to the summary and the finished costing for the items enumerated in question 21 are also shown together with the losses in production (summary Nos. 3 and 3-A). The exact method of preparing the costings is shown on a separate specimen form (No. 3-B). It will be noted that no allowance for depreciation is taken into the costing.

23. Depreciation allowed by the Income-tax Authorities is  $2\frac{1}{2}$  per cent. on buildings, 5 per cent. on machinery and  $7\frac{1}{2}$  per cent. on finishing plant. We have no objection to raise against these figures. Owing to the continuous losses sustained by the Raymond Woollen Mills from year to year the accounts have been prepared omitting any allowance for depreciation charges and have in all cases been audited, and passed by the Directors "subject to depreciation". In the event of the Mill being able to run at a profit these charges would be provided for and the rates would be based on those allowed by the Income-tax Authorities. In the event of the Mill working double shift depreciation would be taken as double that for single shift working in the case of plant, for buildings we would suggest taking a figure of 50 per cent. above that usually provided.

24. The Managing Agency system is in force in respect of the Raymond Woollen Mill. The remuneration allowed for in the terms of the agreement is Rs. 35,000 per annum. It will be noted from the Balance Sheets that Agents' commission has not been paid since the year 1930 owing to the closing down of the Mill in that year and since then owing to the continued heavy losses sustained, the Agents having waived their commission for these years. The Managing Agents do not receive any allowances or commission on Purchases or Sales.

25. The working capital is provided on Loan account to the Mill by Messrs. E. D. Sassoon and Company, Limited, as Bankers and interest is payable at the rate of 6 per cent. The rate of interest is temporarily reduced to 3 per cent. and this figure is calculated in the costing.

## 26. Cloth—

Description.	Quality No.	Size.	RATES REALISED IN					
			1928.	1929.	1930.	1931.	1932.	1933.
			Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.
Dyed, Iohis	R4	95"×45"×16 ozs.	3 10 9	3 8 0	..	..	2 5 0	2 0 0
Ditto	R320	100"×48"×20 "	4 11 0	3 15 0	..	..	2 14 0	2 0 0
Ditto	R1	108"×54"×32 "	..	6 12 0	..	..	4 9 0	2 8 0
Rugs, striped	A11	84"×54"×3 lbs.	3 8 0	3 2 0	..	3 2 0	2 14 0	4 0 0
Bunting cloth	..	18/19"	..	..	0 7 9	0 7 6	..	2 6 0
Serge, white lining	..	54"	..	1 8 0	1 6 0	..	..	0 5 2
								1 5 9

## Yarn—

Quality.	Counts.	RATES REALISED IN				
		1929.	1930.	1931.	1932.	1933.
		Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.
Cross-bred	2/16s	2 2 0	1 11 0	1 6 0	1 6 9	1 3 9
Merino	2/20s	..	..	2 2 3	2 3 0	2 8 6

## Berlin Woods—

	1929 Quality	Lowest rates.			
		Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.
Cross-bred,	1930	..	3 0 0	..	2 5 0
"	1931	..	2 10 0	..	2 0 0
"	1932	..	2 4 0	..	1 12 6
"	1933	..	2 3 0	..	1 2 6

Superior cross-bred quality  
 Low cross-bred, 1933 quality  
 Low cross-bred (undyed and in unpacked condition in hanks).



27. Imported wool tops are purchased through buying agents in England from wool brokers. The Agents' buying commission is  $\frac{1}{2}$  per cent. while the wool broker receives 1 per cent.

Foreign wool imported from Australia is purchased direct by the Agents on behalf of the Mill without commission.

East Indian wool from 1930 to 1934 was also purchased direct from wool merchants. Since October, 1934, with a view to obtaining larger selections of Indian wools an Indian broker has been employed who is at present on tour, his brokerage is  $\frac{1}{2}$  per cent.

28. No agents are employed. Direct contact is maintained with up-country merchants who are from time to time visited by the Mill representative. Locally the Mills' sales are managed by an Indian bazar broker whose brokerages are  $\frac{1}{2}$  per cent. for yarn and 1 per cent. for cloth. Some products are also retailed direct to the public through the cloth shops controlled by the Managing Agents.

29. (i) Labour can be recruited without difficulty, but it has not always been simple to obtain the highest possible efficiency owing to irregular working of the Mill.

(ii) 87 per cent. males, 13 per cent. females.

(iii) Worsted spinning Rs. 22-13, Woollen spinning Rs. 26-12, Miscellaneous Rs. 33-10, Weaving Rs. 33-8-9, W'House Rs. 23-5-6 and Dye Rs. 20-8-9 per month.

(iv) All departments on daily wage except worsted, drawing, winding, warping, mending, weaving, fringers throughout the departments which are on piece work. The piece work rates have not been included in the above statement of wage rates.

(v) Efficiency standards are maintained. These are attained in worsted spinning where the more regular running has enabled operatives to obtain a higher degree of efficiency and has eliminated frequent stoppages. On account of more irregular running in the woollen spinning and in both woollen and worsted weaving departments the standards are not reached.

(vi) On the worsted spinning side the efficiency standards are comparable with English standards in terms of production but waste production will possibly be somewhat higher. Different atmospheric conditions will control this.

30. 128 rooms in 16 blocks of chawls are provided by the Company at nominal rental of Rs. 3 per month with free light and water. There is also a refreshment canteen where meals are provided at a low charge at recess hours.

Workmens' (A class) Co-operative Credit Society. Sums invested at date are about Rs. 12,000. This Society is controlled by a Workers Committee under the Mill Manager's supervision. The membership is 350.

A cricket club for workmen has recently been established, the monthly subscription is 8 annas. A Company's grant has been provided.

Free medical attention is also provided.

31. Some minor disputes only on wage questions among piece workers. In all cases settlements have been arrived at.

32. It is not possible to give reliable data for all the items required over such a period of years but rates for a number of the articles competing directly or indirectly with Indian made goods is furnished hereunder:—

#### *Italian rugs.*

"Calcutta" rug.—About 2 years ago the rate was approximately 4s. 8d. ex-godown Bombay.

1934 . . . . .	4s. 2d. ex-godown Bombay.
1935 . . . . .	3s. 2d. ex-godown Bombay.

Our bare making costs excluding depreciation and profit—Rs. 3-4.

*Gloria " rug—*

1930 . . . . .	7s. 0d. c.i.f.
1933-34 . . . . .	6s. 6d. c.i.f.

Our bare cost to make excluding depreciation and profit—Rs. 7-4-9.

*Japanese shawl cloth (merino quality).*

	Per piece ex-godown.
	Rs. A. P.
96" × 48" × 1 lb. . . . .	4 8 0
100" × 50" × 1½ lb. . . . .	5 8 0
100" × 54" × 1½ lb. . . . .	6 4 0

Rates for the above have not materially altered during the last two years owing to lack of competition.

*Japanese piecegoods.*

	Per yard c.i.f.
	Rs. A. P.
1. <i>Serge, 6½ ozs.—</i>	
February, 1933 . . . . .	1 11 0
May, 1933 . . . . .	1 9 0
February, 1934 . . . . .	1 7 0
June, 1934 . . . . .	1 3 0
January, 1935 . . . . .	0 15 6
	(i.e., Rs. 1-7 landed.)
	Per yard c.i.f.
	Rs. A. P.
2. <i>Worsted suiting, 7 ozs.—</i>	
February, 1933 . . . . .	1 14 0
May, 1933 . . . . .	1 12 0
February, 1934 . . . . .	1 10 0
June, 1934 . . . . .	1 5 0
January, 1935 . . . . .	0 15 6
	(i.e., Rs. 1-7 landed.)
	Per yard c.i.f.
	Rs. A. P.
3. <i>Worsted suiting, 9½ ozs.—</i>	
June, 1934 . . . . .	2 6 0
January, 1935 . . . . .	1 14 0
	(i.e., Rs. 2-8-9 landed.)
	Per yard c.i.f.
	Rs. A. P.
4. <i>Worsted suiting, 9½ ozs.—</i>	
June, 1934 . . . . .	2 4 0
January, 1935 . . . . .	1 13 0
	(i.e., Rs. 2-7-9 landed.)

	Per yard c.i.f. Rs. A. P.
5. Blazer cloth, 9½ ozs.—	
June, 1934 . . . . .	1 7 0
January, 1935 . . . . .	1 2 0
	(i.e., Rs. 1-12-9 landed.)

Our bare making costs for the above excluding depreciation and profit are:—

- No. 1.—Rs. 1-11-0 per yd.
- 2.—Rs. 1-12-9 per yd.
- 3.—Rs. 2-9-0 per yd.
- 4.—Rs. 2-8-10 per yd.
- 5.—Rs. 1-14-0 per yd.

#### Yarns.

Date.	Japanese 2/32s, merino, hosiery. C.i.f. per lb. Rs. A. P.
17th February, 1933 . . . . .	1 2 6
13th May, 1933 . . . . .	1 4 9
30th June, 1933 . . . . .	1 8 6
16th September, 1933 . . . . .	1 14 0
30th September, 1933 . . . . .	1 13 0
21st October, 1933 . . . . .	1 13 3
25th November, 1933 . . . . .	1 12 0
9th December, 1933 . . . . .	1 11 6
11th January, 1934 . . . . .	1 15 3
13th July, 1934 . . . . .	2 0 9
14th September, 1934 . . . . .	1 9 6
2nd November, 1934 . . . . .	1 6 0
28th December, 1934 . . . . .	1 6 9
16th January, 1935 . . . . .	1 7 8

#### Date.

	Japanese 2/64s, merino, weaving. C.i.f. per lb. Rs. A. P.
20th September, 1932 . . . . .	1 12 9
13th January, 1933 . . . . .	2 3 9
17th February, 1933 . . . . .	1 12 9
22nd March, 1933 . . . . .	1 14 3
28th April, 1933 . . . . .	1 12 0
24th June, 1933 . . . . .	2 1 9
4th October, 1933 . . . . .	2 7 3
14th December, 1933 . . . . .	2 3 6
8th March, 1934 . . . . .	2 4 9
15th May, 1934 . . . . .	2 2 9
16th July, 1934 . . . . .	2 0 9
1st August, 1934 . . . . .	1 14 9
9th October, 1934 . . . . .	1 13 3
6th November, 1934 . . . . .	1 11 0

*Polish yarn 2/20.*

Date.	Cross-bred. Rate per lb. c.i.f.			Merino. Rate per lb. c.i.f.		
	Rs.	A.	P.	Rs.	A.	P.
25th June, 1931 . . . .	1	0	5	1	5	4
15th September, 1931 . . . .	1	0	10	1	5	4
19th January, 1932 . . . .	1	7	6	1	14	7
18th April, 1932 . . . .	1	1	9	1	11	6
2nd August, 1932 . . . .	1	1	3	1	10	2
17th December, 1932 . . . .	1	1	3	1	11	1
15th March, 1933 . . . .	1	1	3	1	11	1
24th August, 1933 . . . .	1	2	8	1	12	5
8th March, 1934 . . . .	1	3	11	2	4	10
21st March, 1934 . . . .	1	2	2	2	3	1
14th August, 1934 . . . .	1	0	5	1	12	5
10th December, 1934 . . . .	1	0	10	1	11	6

We would state that considerable difficulty exists in obtaining prices of many articles of woollen manufacture over a long period owing to the fact that qualities are not standard as they are in many other industries but are constantly changing.

33. (a) From foreign imports particularly Italy and other Continental countries in rugs and blankets, heavy piecegoods and mixtures, and Japan in worsted piecegoods, shawls and yarns.

(b) Owing to increasing foreign competition Indian Mills have been obliged to compete more keenly amongst themselves for such reduced share of the market as has been available.

34. While there is exceedingly keen competition from such mixtures as are supplied in the shape of blankets and rugs from Italy, it would not be correct to state that the severest competition is from mixtures. Japanese goods of pure wool are most keenly competing.

35. Fine qualities of worsteds are usually produced from counts 48s and over. This count was in earlier years difficult to spin due to climatic conditions and especially labour disadvantages. Improvements in labour and continual experiments in the Mill make it possible for counts up to 64s worsted to be spun to-day. In finish some of the imported qualities appear superior, certain finishing machines not installed could be purchased if there was an assured market for the finished goods.

36. The successive increases in duties have not affected the total demand for woollen goods. A factor which has developed since 1931 is that of Japanese competition which has offset any advantage the Indian Industry might have obtained from such increases.

37. The specific duty of Re. 1-2 has in our opinion stimulated the imports of shoddies and mixtures. In addition owing to Japan entering the market as a large supplier it has not in any way decreased the total imports of woollen goods. It has not been of assistance in making more remunerative prices possible.

38. (1) It is dirty, too coarse, contains dead fibre, and is submitted to adulteration by the sellers.

(2) A Central Committee on the lines of the Indian Central Cotton Committee under Government auspices might be organised to assist farmers in getting to know the requirements of the Industry, to help them in grading and in improving the general quality of the clip and in production of statistics, etc.

The finer qualities of wool will probably never be produced in India in really large quantities owing to climatic conditions. The figures shown in answer to question 14 give an indication of our consumption of imported wools, while it is probable that the quantity could be much reduced in the event of better qualities of Indian wool becoming available, a period is bound to elapse before Indian wools are sufficiently improved and during which the consumption of foreign wool will continue if improvements in quality of finished goods are to be maintained. A duty on such imports if levied would be a bar to our reducing finished costs and offset the benefits of any protective duty which might be levied on finished goods. Furthermore, such a suggestion is contrary to the Fiscal Commission's recommendations that raw materials should be free from duty except in exceptional circumstances.

39. To our knowledge there are no imports of manufactures of synthetic wools made from Jute into India. As far as we know no suitable fabrics can be made entirely from synthetic wool made from jute, and natural wool would have to be added.

40. Bombay, Central and Northern India generally, Bengal, Burma to a smaller extent, South India. Exports have been made to China but were experimental only. Competition from Bradford at that time being too severe to permit of developments. With Japan competing so largely to-day, it is not considered likely that developments in exports will take place for some time. It may be noted here that the industry has to pay large sums in the form of Customs duties on dyestuffs, stores and machinery which have to be imported and therefore commences with a severe handicap as far as export markets are concerned. If the export market were to be developed it would be reasonable to suggest that some form of assistance in the shape of export bounties should be considered by Government.

41. Samples are submitted showing the best grades of articles produced by the Raymond Woollen Mills. Consumption has not reached any large proportion but with an assured market such as a protective duty or a quota system might provide, the demand for a superior class of goods can be met to an increasing extent.

42. Foreign goods are largely sold through the entrepot markets such as Bombay, Karachi, Calcutta. For a Mill located in Bombay there might be some disadvantage in competing with goods imported through either Karachi (for Amritsar) or Calcutta. The rail freight from Bombay to Calcutta is Re. 1-1 per maund or nearly 9 pies on a 3-lb. rug.

43. It is not known to what extent there is competition between Mills and handlooms, but it is well known that handlooms have been producing coarse rugs, and shawls for a considerable time, and that these products are feeling the effects of foreign competition to an increasing extent. Prior to the year 1928 it is understood that the handloom industry, like the mill industry, was working under conditions of reasonable prosperity but that since that date a steady decline has set in.

44. Improvements can mainly be looked for in increased efficiency standards. The number of operatives has already been reduced without loss of efficiency. It might be possible to take further steps on such lines, but without a period of regular running in the Mills it would probably be impossible. Efficiency of the operative can only depend on the knowledge obtained from experience which comes from constant occupation.

There has been little or no change in the construction of machinery to assist in obtaining improved results but with an assured market it is reasonable to suppose that Mills will be in a better position to take advantage of any technical developments investing in new plant where necessary.

It is not possible to give any estimate of the rupee saving which might result from possible improvements. A reasonable period would have to be allowed before definite improvement could be shown.

45. Our views concerning the nature of the protection required by the industry have been put forward in detail in the joint representation submitted through the Bombay Millowners' Association to which the Tariff Board's attention is invited.

## SUMMARY No. 1.

*Worsted Spinning Production.*

Counts.	1930.	1931.	1932.	1933.	1934.
	lbs.	lbs.	lbs.	lbs.	lbs.
70s . . . . .	..	..	..	..	94
64s . . . . .	..	..	..	..	83
50s . . . . .	..	..	..	..	20
48s . . . . .	..	51	..	..	1,012
44s . . . . .	..	..	..	20	72
40s . . . . .	790	..	2,252	1,318	..
36s . . . . .	7	1,012	1,606	3,750	1,881
32s . . . . .	57	8,141	29,514	7,132	4,830
30s . . . . .	151	2,530	1,220	367	449
28s . . . . .	41,620	6,381	8,929	5,895	10,349
26s . . . . .	..	32	20,192	25,293	22,666
24s . . . . .	38,286	2,563	86,472	24,604	117,654
22s . . . . .	2,364	..	25,311	442	3,144
20s . . . . .	47,613	8,331	49,395	25,882	63,698
18s . . . . .	88	6,468	33,728	9,799	45,413
17s . . . . .	..	..	..	..	35
16s . . . . .	18,101	48,732	230,716	71,404	96,633
15s . . . . .	..	57	..	6,522	16,371
14s . . . . .	34,416	40,252	74,850	22,374	26,419
12s . . . . .	44,825	40,877	48,750	14,524	22,346
11½s . . . . .	..	41,404	16,589	28,954	65,483
11s . . . . .	..	10,942	26,597	17,491	22,915
10½s . . . . .	266	45,002	7,613	1,331	4,453
10¼s . . . . .	2,772	1,178	4,635	2,630	40,023
10s . . . . .	24,009	12,860	13,964	13,916	23,291
9½s . . . . .	9,787	..	..	2,936	2,196
9s . . . . .	70,985	20,637	34,004	45,442	45,169
8½s . . . . .	31,390	..	6,425	15,572	2,064
8s . . . . .	33,575	3,705	8,715	4,132	5,996
7½s . . . . .	1,090	..	..	..	..
7s . . . . .	6,856	1,335	16	58,328	88,129
6½s . . . . .	845	10	12	..	2,648
5½s . . . . .	1,111	..	..	111	121
6s . . . . .	787	2,749	..	1,634	..
4-75 . . . . .	..	..	51	..	..
4s . . . . .	..	..	..	..	1,074
10¼ . . . . .	..	..	..	125	..
3½s . . . . .	..	..	..	..	19
3s . . . . .	..	..	2,267	..	1,341
2s . . . . .	..	327	889	..	..
0-6 . . . . .	..	..	33	..	155
TOTAL . . . . .	411,791	305,625	734,745	401,937	738,246

## SUMMARY No. 3.

Costs of the following items (excluding depreciation and profit).

Description.	Quality.	Size.	Weight.	Cost.	Per	Losses.			
						Spinning.	Doubling.	Winding.	Finishing and Warping.
Tweed . . . . .	No. 5	Wide. 54"	20/21 ozs.	Rs. A. P. 3 12 10	Yd.	Worsted 10 Woolen 50	..	10	20
Blazer cloth . . . . .	1234/33	54"	12 "	2 3 0	"	10	..	..	..
Melton cloth . . . . .	105	54"	19/20 "	2 5 0	"	10	2	5	7
Grey Oxford cloth . . . . .	269/33	54"	33/34 "	3 6 8	"	20	..	7	15
Khaki G. C. cloth . . . . .	4519/33	54"	30/31 "	2 5 6	"	30	..	7	25
Broad cloth . . . . .	2516	54"	24 "	1 13 6	"	30	..	7	25
Cloth, serge, navy blue . . . . .	1186	54"	17/18 "	1 14 6	"	Worsted 10 Woolen 25	2	5	15
Cloth, serge, drab khaki . . . . .	1144/33	54"	17 "	1 14 7	"	10	..	7	7
Worsted coating . . . . .	433-B	54"	10/11 "	2 7 6	"	15	2	5	10
Shawl cloth . . . . .	Merino	50"	6 1/2 "	1 7 0	"	10	2	5	9
Lohis . . . . .	R1	108" x 54"	32 "	3 13 10	Piece	10	2	5	7
Do. . . . .	R. 320	100" x 48"	20 "	2 5 0	"	10	2	5	7
Do. . . . .	R4	90" x 45"	16 "	1 13 9	"	10	2	5	7
Raymond rug . . . . .	Busra	84" x 54"	3 lbs.	4 3 0	"	25	..	7	20
Rugs, striped . . . . .	All	84" x 54"	3 "	2 5 4	"	25	..	7	25
Barrack blanket . . . . .	196	90" x 60"	4 1/2 "	3 7 11	"	25	..	7	25

NOTE.—The above costs are worked out according to the explanation given in our note on summary No. 2-A, and the expenses and allocations have been made on the basis of the last quarter's working in 1934.

## SUMMARY No. 3-A.

Cost of following items.

Description.	Quality.	Counts.	Cost.	Per	Losses.			
					Spinning.	Doubling.	Reeling.	Scouring.
Worsted yarn, scoured	Cross-bred H. T.	2/10s	Rs. A. P. 1 2 0	lb.	10	2	1	5
	Ditto	2/20s	1 4 0	"	10	2	1	5
	Ditto	2/23s	1 5 0	"	10	2	1	5
Ditto	Merino H. T.	2/10s	2 0 2	"	10	2	1	5
	Ditto	2/20s	2 2 2	"	10	2	1	5
	Ditto	2/23s	2 3 1	"	10	2	1	5
	Ditto	2/30s	2 6 0	"	10	2	1	5
	Ditto	2/40s	2 10 6	"	10	2	1	5
	Super merino	2/64s	3 4 9	"	10	2	1	5
Ditto	Cross-bred W. T.	2/10s	1 2 0	"	10	2	1	5
	Ditto	2/20s	1 4 0	"	10	2	1	5
	Ditto	2/23s	1 5 0	"	10	2	1	5
Ditto	Merino W. T.	2/10s	2 1 10	"	10	2	1	5
	Ditto	2/20s	2 3 10	"	10	2	1	5
	Ditto	2/23s	2 4 9	"	10	2	1	5
	Ditto	2/30s	2 7 8	"	10	2	1	5
	Ditto	2/40s	2 12 2	"	10	2	1	5
	Super merino W. T.	2/64s	3 4 9	"	10	2	1	5
Worsted yarn, cross-bred, dyed	Berlin	4/11s	2 5 4	"	10	2	1	5
Ditto, low cross-bred	Do.	4/7s	1 8 0	"	10	2	1	5

NOTE.—The above costs are worked out according to the explanation given in our note on summary No. 2-A, and the expenses and allocations have been made on the basis of the last quarter's working in 1934.



(2) Letter No. ZEM/35, dated the 1st March, 1935, from the Raymond Woollen Mills, Limited, Bombay.

**Re APPLICATION OF THE INDIAN WOOLLEN MILL INDUSTRY FOR PROTECTION.**

In amplification of the information given in our replies to the questionnaire issued to mills, we now send you the following:—

(1) A further costing sheet for our R1 Lohies. This is an amplification on the previous costing sheet for this cloth, and we think you will find the same self explanatory.

With reference to the item "Loss in winding, warping and weaving 5 per cent., i.e., As. 46", this is calculated on the labour charges for producing yarn upto this point in the production, and represents cost of labour resulting in production of waste and not in actual cloth.

\* \* \* \* \*

(4) We send herewith the cost prices asked for the samples of finer materials produced by the Raymond Woollen Mills referred to in our letter of the 11th February, 1935.

Enclosure No. 1.

*For Tariff.*

	Cost.	
	Rs.	A. P.
Extra Superfine Serge No. 2014, 56" wide, 7 to 8 ozs.	1 14	6 per yard.
Superfine Lohis, 52" x 106"	4 13	0 per piece.
Aerolaine Blankets, 60" x 90"	10 13	0 " "
Rayola Rug, 54" x 84"	5 0	9 " "
Camel Rug, 62" x 96"	7 12	0 " "

(3) Letter dated the 4th April, 1935, from the Raymond Woollen Mills, Limited, Bombay.

**Re APPLICATION OF THE INDIAN WOOLLEN MILL INDUSTRY FOR PROTECTION.**

We have pleasure in returning herewith the notes of our oral evidence duly corrected. We also record the following for your further information:—

(i) Answer to Question 26, in our original representation please correct the rate for 2/20s Merino Yarn in the year 1934 to Rs. 2-6, the rate shown being a misprint.

(ii) Weight of Italian Rugs:

"Gloria" Rug, 52 x 96 is 5 lbs.

"Calcutta" Rug, 54 x 84 is 2 lbs. 2 oz.

Our cost per lb. to manufacture similar rugs may be calculated accordingly from the information already in your possession.

(iii) Waste Consumption.—With reference to the query raised as to the apparently inaccurate figure of waste consumed in our mixings, it appears that in the figure shown on the technical advisor's statement no provision was made for waste used from departments other than the Worsted Spinning Department. We attach herewith a statement we have prepared which shows the waste received from departments other than Worsted Spinning for the five years 1930-1934. The figure is 555,770 lbs. after adding the opening stock as at 1st January, 1930, and deducting the closing stock as at 31st December, 1934, it will be noted that our consumption over the period is 687,618 lbs. This figure is somewhat in excess of that shown on the statement prepared by the technical adviser, but it may be assumed that the loss percentage will be somewhat heavier with this type of material, and in addition no allowance has been made for stock in process as at 31st December, 1934.

(iv) *Separate allocation of expenses for Worsted and Woollen Sections.*—We have taken out for your guidance figures for the year 1934 showing a separate allocation for these two sections of the Mill, and these are shown on Statement No. 2 attached. The slight difference in the totals of expenses shown compared with those previously supplied (*vide* our letter of 1st March 1935) is attributable to sundry adjusting entries having been made subsequent to that date. The present figures may be taken as accurate. With regard to previous years we do not consider we can supply really accurate statistics of the Worsted and Woollen sections separately and we should therefore prefer to omit these. We also send details of the numbers of labour employed in certain of the Woollen and Worsted Departments separately for the years 1930-1934—Statement No. 2-A. As mentioned previously these are estimates only as no separate records are maintained for the two sections.

(v) *Estimating savings which may be made given the opportunity to work the plant 100 per cent.*—In order to give an idea of our cost of production working the Mill 100 per cent. of capacity we have made such adjustments to the usual costing as we consider necessary to allow for such conditions of working and calculated the estimated cost to produce the articles enumerated in the general questionnaire to Mills. The results are shown on Statements Nos. 3 and 3-A, and it will be noted that considerable reductions in cost are shown in both Cloth and Yarns.

For purposes of comparison we have also shown our costs for the same articles based on the actual working during the year 1934. In the early part of 1934 a considerably smaller percentage of the plant was worked than in the last quarter of that year, and the rates are accordingly higher than those previously supplied which were based on one quarter's working only. The costs as previously explained do not allow for depreciation or profit.

(vi) Estimated cost of production for mixtures:—

	Per Yd.
	Rs. A. P.
(a) Blazer Cloth, 54" x 11½ to 12 oz.—	
(i) 50 per cent. Cotton 50 per cent. Wool .	2 1 6
(ii) 25 per cent. Cotton 75 per cent. Wool .	2 5 6
(b) Tweed 54" x 20 to 21 oz.—	
(i) 50 per cent. Cotton 50 per cent. Wool .	2 13 9
(ii) 25 per cent. Cotton 75 per cent. Wool .	3 0 6
(c) Palm Beach Suiting 54" x 7 to 7½ oz.—	
(i) 40 per cent. Cotton 60 per cent. Wool	
(a current mixing) . . . . .	1 10 0
(ii) 25 per cent. Cotton 75 per cent. Wool .	1 10 9

(vii) Estimated cost to produce current English Qualities:

	Our bare cost per yard.	English quotation c.i.f.
	Rs. A. P.	s. d.
<i>Cloth—</i>		
(a) Cotton Warp, Melton, 54" x 16 oz. . . . .	2 7 0	2 10
(b) Tweed, 54" x 18 oz. . . . .	2 6 1½	3 0
(c) Tweed, 54" x 20 oz. . . . .	1 15 3	3 0
Both (b) and (c) contain about 40 per cent. of Cotton.		
(d) Worsted Suiting, 54" x 10/ 10½ ozs. . . . .	2 8 6	7 0
(e) Worsted Suitings, 54" x 8/ 8½ ozs. . . . .	1 10 9	4 8

Yarns—	Our bare cost per yard.	English quotation c.i.f.
	Rs. A. P.	s. d.
(a) Dyed Low Crossbred, 4/12s	1 6 0	2 0
(b) Low Crossbred Scoured, 2/24s	1 5 0	2 ½
(c) Medium Crossbred Scoured, 1/28s	1 7 9	2 7
(d) Best Quality Crossbred, 2/32s	2 0 8	3 ½

It is necessary to point out that the Raymond Woollen Mills costs for all these articles are not fair selling prices as no allowance for depreciation or profit has been made, the fair selling prices will therefore be considerably higher. With reference to the Worsted Suitings it will be noted that the English quotation is dearer than our estimated cost, we consider that to produce these qualities commercially our estimated cost as shown would in all probability be somewhat lower than the actual cost as the qualities on which the calculation is based are a type which Bradford has specialised in for many years but which would be new to Indian Mills.

In connection with yarns it may be added that practically no fine English Yarns are imported to-day owing to the commanding position of Japan in this trade due to continued undercutting of prices, while on the lower qualities it will be noted that the duty paid prices for English Yarns would be somewhere in the region of our fair selling prices.

We shall thank you to be good enough to acknowledge receipt of this letter and enclosures.

#### STATEMENT No. 1.

*List of Yearly Receipts of waste from Departments other than Worsted Spinning Section.*

Year.	Woollen Carding and Spinning.	Weaving.	Finishing.	Warehouse.
930 . .	60,334	33,012 Wln. 8,824 Wrstd.	5,572 Wln.	1,589 Wln. 1,423 Wrstd.
931 . .	85,797	35,317 Wln. 46 Wrstd.	15,931 Wln.	3,450 Wln. 16 Wrstd.
932 . .	48,615	8,424 Wln. 2,830 Wrstd.	4,705 Wln. 64 Wrstd.	1,919 Wln. 1,513 Wrstd.
1933 . .	43,024	15,204 Wln. 6,678 Wrstd.	5,481 Wln. 139 Wrstd.	1,709 Wln. 2,269 Wrstd.
1934 . .	89,055	24,821 Wln. 7,481 Wrstd.	13,540 Wln. 429 Wrstd.	2,823 Wln. 3,736 Wrstd.
TOTAL .	3,26,825	1,42,637	45,861	20,447

	lbs.
Balance on hand of Waste in Godown as on 31st December 1929 . . . . .	2,15,670
Add: Receipts for the five years ending 31st December 1934 . . . . .	5,35,770
Total .	7,51,440
Less: Balance of waste in Department as on 31st December 1934 . . . . .	63,822
Net consumed	6,87,618

## STATEMENT No. 2.

*Expenditure for the year 1934.*

	Woollen.	Worsted.	Total.
	Rs.	Rs.	Rs.
1. Cost of raw material . . . . .	1,66,692	4,86,916	6,53,608
2. Wages of labour fixed and piece . . . . .	42,535	1,50,807	1,93,342
3. Supervision charges at Mill . . . . .	7,388	26,193	33,581
4. Power, fuel and light . . . . .	21,633	76,700	98,333
5. Stores . . . . .	28,225	1,00,072	1,28,297
6. Water . . . . .	2,439	8,645	11,084
7. Repairs and maintenance . . . . .	4,346	15,408	19,754
8. Packing . . . . .	..	..	..
9. General charges . . . . .	4,107	14,560	18,667
10. Rents, rates and taxes . . . . .	1,047	5,839	7,486
11. Insurance . . . . .	1,799	6,377	8,176
12. Selling expenses . . . . .	1,630	5,958	7,638
13. Office expenses . . . . .	4,773	16,922	21,695
13a. Agents' Commission . . . . .	..	..	..
14. Depreciation . . . . .	..	..	..
15. Capital charge (interest) . . . . .	24,697	87,560	1,12,257
<b>TOTAL</b> . . . . .	<b>3,11,961</b>	<b>10,01,967</b>	<b>13,13,918</b>

## STATEMENT No. 2-A.

	WINDING, WARPING AND WEAVING.		FINISHING AND DYEING.		WARE- HOUSE.		MISCELLA- NEOUS.	
	Woollen.	Worsted.	Woollen.	Worsted.	Woollen.	Worsted.	Woollen.	Worsted.
1930 . . . . .	70	80	35	36	8	60	65	65
1931 . . . . .	50	50	29	30	4	28	44	45
1932 . . . . .	24	24	14	15	2	14	37	37
1933 . . . . .	42	43	29	29	3	24	41	41
1934 . . . . .	55	55	43	44	3	23	46	47

## STATEMENT No. 3.

## Cloth.

Material.	Quality No.	Cost as shown in original Statement.	Cost calculated on complete year's working 1934.	Cost calculated on assumed 100 per cent. working.
		Rs. A. P.	Rs. A. P.	Rs. A. P.
Tweed . . . . .	No. 5	3 2 10 yd.	3 5 0 yd.	2 14 0 yd.
Blazer cloth . . . . .	1234/33	2 3 0 "	2 5 1 "	1 13 9 "
Melton cloth . . . . .	105	2 5 9 "	2 8 0 "	2 0 10 "
Grey Oxford . . . . .	269/33	3 6 8 "	3 9 2 "	3 0 0 "
Khaki Great C. Cloth . . . . .	4519/33	2 5 6 "	2 6 9 "	1 15 3 "
Broad cloth . . . . .	2516	1 13 6 "	1 14 8 "	1 8 2 "
Cloth Serge N. Blue . . . . .	1186	1 14 6 "	2 0 4 "	1 10 6 "
Cloth Serge Drab . . . . .	1144/33	1 14 7 "	2 0 9 "	1 9 7 "
Worsted coating . . . . .	433/B	2 7 6 "	2 8 3 "	2 2 0 "
Shawl cloth . . . . .	Merino	1 7 0 "	1 8 9 "	1 4 0 "
Lohis . . . . .	R. 1	3 13 10 piece	4 2 6 piece	3 3 3 piece.
" . . . . .	R. 320	2 5 0 "	2 7 10 "	1 14 8 "
" . . . . .	R. 4	1 13 9 "	2 0 0 "	1 8 8 "
Raymond Rug . . . . .	Busra	4 3 0 "	4 7 0 "	3 9 8 "
Rugs striped . . . . .	A. 11	2 5 4 "	2 8 0 "	1 15 4 "
Barrack . . . . .	196	3 7 11 "	3 11 3 "	3 0 1 "

## STATEMENT No. 3-A.

## Yarn.

Material.	Quality.	Count.	Cost as shown in original Statement.	Cost calculated on complete year's working 1934.	Cost calculated on assumed 100 per cent. working.
			Rs. A. P.	Rs. A. P.	Rs. A. P.
Worsted yarn scoured.	Crossbred H. T. . . . .	2/10	1 2 0	1 2 9	1 0 6
	" " . . . . .	2/20	1 4 0	1 4 10	1 2 4
	" " . . . . .	2/24	1 5 0	1 5 10	1 3 4
	Merino " . . . . .	2/10	2 0 2	2 1 6	1 13 6
	" " . . . . .	2/20	2 2 2	2 3 6	1 15 6
	" " . . . . .	2/24	2 3 1	2 4 6	2 0 3
	" " . . . . .	2/30	2 6 0	2 7 6	2 3 0
	" " . . . . .	2/40	2 10 6	2 12 3	2 7 0
	Super Merino . . . . .	2/64	3 4 9	3 6 10	3 0 7
	Crossbred W. T. . . . .	2/10	1 2 0	1 2 9	1 0 6
	" " . . . . .	2/20	1 4 0	1 4 10	1 2 5
	" " . . . . .	2/24	1 5 0	1 5 10	1 3 4
	Merino W. T. . . . .	2/10	2 1 10	2 3 1	1 15 0
	" " . . . . .	2/20	2 3 10	2 5 4	2 1 0
	" " . . . . .	2/24	2 4 9	2 6 3	2 1 9
	" " . . . . .	2/30	2 7 8	2 9 3	2 4 6
	" " . . . . .	2/40	2 12 2	2 13 11	2 8 8
	Super Merino W. T. . . . .	2/64	3 4 9	3 6 10	3 0 7
Worsted yarn . . . . .	Crossbred, Berlin :	4/11	2 5 4	2 6 10	2 2 4
Worsted yarn Low . . . . .	Crossbred, Berlin :	4/7s	1 8 0	1 9 0	1 6 0

(4) Letter dated the 4th April, 1935, from Messrs. E. D. Sassoon and Company, Limited, Bombay.

Reference yours of the 1st instant, you are quite correct in your assumption that fibre or its equivalent could not be blended with the common Indian wool of the plains for spinning purposes and its use would require increased importations of superior type Australian or South African wools.

There is, however, one feature where this would be helpful to the indigenous wools, namely, the blending of the waste from the worsted fibre mixture with Indian wools for the production of coarse count articles.

### **The Indian Woollen Mills, Bombay.**

(1) Letter No. 110/412, dated the 21st February, 1935.

**Subject:—APPLICATION OF THE WOOLLEN INDUSTRY FOR PROTECTION.**

With reference to your letter No. 4, dated the 4th January, 1935, enclosing a Questionnaire on the above subject, we beg to submit 6 copies of our answers to the same. We request you to treat our answer to Question Nos. 20 and 21 as Confidential. A complete set of our samples of cloth and yarn is sent herewith.

Enclosure.

1. (a) Our Mill started working in August, 1922.

(b) As can be seen from the copies of Balance Sheets submitted by us, the original Capital invested, authorised and paid up was as under:—

Authorised Capital—Rs. 50,00,000.

Issued and Subscribed Capital—Rs. 25,60,150.

Paid up Capital—Rs. 25,60,150.

On 2nd October, 1925, the Indian Woollen Mills, Limited, was taken into voluntary liquidation and was amalgamated with the Sir Shapurji Broacha Mills, Limited.

Prior to the amalgamation, it can be seen from the Balance Sheet as at 30th September, 1925, that the position of the Indian Woollen Mills, Limited, in a nut-shell was as under:—

<i>Liabilities.</i>		<i>Assets.</i>	
	Rs.		Rs.
Capital . . . .	25,60,150	Fixed Assets . . . .	56,44,589
Liabilities . . . .	59,93,556	Preliminary Expenses . . . .	3,618
		Erection Charges . . . .	2,42,610
		Floating Assets . . . .	16,04,441
		Losses up to 30th September, 1925 . . . .	10,58,448
	<hr/> 85,53,706		<hr/> 85,53,706

Before the amalgamation of the Indian Woollen Mills, Limited, with the Sir Shapurji Broacha Mills, Limited, the following items were written off from Indian Woollen Mills' account:—

	Rs.
1. Losses . . . . .	10,58,448
2. Preliminary Expenses . . . . .	3,618
3. Erection Charges . . . . .	2,42,610
4. Fixed Assets—	
Machinery . . . . .	9,96,623
Motor Lorry . . . . .	2,851
	<hr/> 9,99,474
Total . . . . .	<hr/> 23,04,150

As against which, the Capital was reduced to the same extent and brought down from Rs. 25,60,150 to Rs. 2,56,000. The Assets and Liabilities amounting to Rs. 62,49,556 and Rs. 59,93,556 respectively were taken over by the Sir Shapurji Broacha Mills, Limited, and in consideration of same the Sir Shapurji Broacha Mills, Limited, allotted fully paid shares of the nominal value of Rs. 2,56,000 to the Shareholders of the Indian Woollen Mills, Limited. The ordinary share capital of the Sir Shapurji Broacha Mills, Limited, after the amalgamation now increased from Rs. 49,99,500 to Rs. 52,55,500 including 2,560 new ordinary shares of Rs. 100 each fully paid up as above.

This capital of Rs. 52,55,500 was reduced to Rs. 1,31,387-8 by issue of 52,555 Deferred Shares of Rs. 2-8 each fully paid in accordance with the Re-organization Scheme of the Sir Shapurji Broacha Mills, Limited, as can be seen from their Balance Sheet as at 31st March, 1934, enclosed herewith.

(c) Balance Sheets for the years from 1922 to 1925 are submitted herewith for the Indian Woollen Mills, Limited. Those for the years from 1926 to 1934 are made up from the combined audited Balance Sheets of the Sir Shapurji Broacha Mills, Limited, showing the position of the Indian Woollen Mills Departments separately as regards Fixed and Floating Assets on one side and the debit balance of Profit and Loss Account at the end of each year and the Sundry Creditors and the amount due to our Cotton Mills Department on the other side.

From the Balance Sheet of the Sir Shapurji Broacha Mills, Limited, as at 31st March, 1934, sent herewith, it will be seen that pursuant to a reconstruction of Capital, the combined Block Account of both the Cotton and Woollen Mills has been written down by Rs. 71,99,872-1-8. Out of this Rs. 32,39,981-10 has been written down from the Block Account of the Woollen Mills as shown in the Departmental Balance Sheet.

Copies of Profit and Loss Accounts of the Indian Woollen Mills from 1922 to 1934 are also sent herewith.

(d) The amount of the original Block, Depreciation written off and additions made from time to time, and the present book value of the Block is as under:—

	Rs.
Block Account on 31st March, 1924 . . . . .	54,62,969
Additions from 1st April, 1924 to 30th September, 1925 . . . . .	1,81,893
	<hr/>
Block Account as at 30th September, 1925 . . . . .	56,44,589
Amount written off on 2nd October, 1925 at the time of amalgamation with the Sir Shapurji Broacha Mills, Limited . . . . .	9,99,473
	<hr/>
	46,45,116
Additions from 2nd October, 1925 to 31st March, 1934 . . . . .	1,10,233
	<hr/>
Less amount written off as per Re-organization Scheme including Rs. 8,950 written off on 31st March, 1930 . . . . .	32,48,931
	<hr/>
Balance on 31st March, 1934, as per Balance Sheet . . . . .	15,06,418
Less Depreciation written off from the profits for the year ended 31st March, 1934 . . . . .	63,519
	<hr/>
Book value of Block as on 31st March, 1934 . . . . .	14,42,899
	<hr/>

We estimate the cost to-day of setting up a Mill with the same capacity output as ours at Rs. 26 lacs approximately.

2. We have 4,140 spindles and 38 looms in the Mills to-day.

In the year 1923-24 and in 1928-29 to 1933-34 the number of spindles were the same and the number of looms was 30.

The total numbers of spindles and looms employed in these years were as under:—

	Average spdls. worked per day.	Average looms worked per day.
1923-24 . . . . .	Not available.	Not available.
1928-29 . . . . .	1,959	28
1929-30 . . . . .	2,960	40
1930-31 . . . . .	767	17
1931-32 . . . . .	2,152	18
1932-33 . . . . .	2,988	33
1933-34 . . . . .	2,568	33

NOTE.—Some of the looms worked as above are Dobcross looms but these were worked on worsted sorts like Rumals, Bunting Cloth, Suitings, etc.

900 spindles are of Flyer type and 3,240 spindles are of Cap type.

3. The producing capacity of the total number of worsted spindles, based on an assumed average count of 20s and 9 hours working per day is 641,700 lbs.

4. The number of employees in the various sections of the Worsted Branch in 1930-31, 1931-32, 1932-33, and 1933-34 were as under (figures prior to 1930-31 are not available):—

—	Working Days.	Wool Mixing.	Worsted Carding to Doubl- ing.	Winding, Warping, Weav- ing.	Reeling and Bundl- ing.	Dyeing.	Finish- ing.	Miscel- laneous.	Total.
1930-31 .	236	11	48	50	4	6	49	70	238
1931-32 .	304	37	132	52	70	7	72	89	459
1932-33 .	300	30	159	63	94	11	79	103	539
1933-34 .	307	30	131	60	42	12	104	102	481

NOTE.—The average employees in Wool Mixing, Dyeing, Finishing and Miscellaneous have been shown collectively for Woollen and Worsted Sections.

5. Our actual annual production of worsted yarn under different counts in the years 1930-31, 1931-32, 1932-33 and 1933-34 was 101,654, 404,872, 573,051 and 444,302 lbs. respectively as shown in Statement No. 1 attached hereto.

Yarn produced for (i) Weaving, (ii) Hosiery and (iii) Knitting in the corresponding years is shown in Statements Nos. 2 to 4 sent herewith.

6. Our annual consumption of worsted yarn for weaving and hosiery is shown in our answer to Question No. 5. Please refer to our Statements Nos. 2 and 3.

7. We have 9 cards, 2,880 spindles and 90 looms in the Woollen Section of our Mill.



In 1923-24 the number of cards were 8, spindles 2,880 and looms 90.

	Cards.	Spindles.	Looms.
In 1923-29 . . . . .	8	2,880	90
1929-30 . . . . .	8	2,880	90
1930-31 . . . . .	9	2,880	90
1931-32 . . . . .	9	2,880	90
1932-33 . . . . .	9	2,880	90
1933-34 . . . . .	9	2,880	90

The following spindles and looms were employed in the years 1923-24, 1928-29 to 1933-34:—

	Average spindles worked per day.	Average looms worked per day.
1923-24 . . . . .	Not available.	Not available.
1928-29 . . . . .	672	8
1929-30 . . . . .	1,544	27
1930-31 . . . . .	1,343	14
1931-32 . . . . .	1,862	24
1932-33 . . . . .	1,468	20
1933-34 . . . . .	1,584	21

9. The producing capacity of the total number of spindles on the assumed basis of an average count of 8 skeins is 954,720 lbs. per year.

10. The numbers of employees in the various sections of the Woollen Branch in 1930-31, 1931-32, 1932-33 and 1933-34 were as under:—

	Wool Mixing.	Woollen Carding and Spinning.	Winding, Warping, Weaving.	Dyeing.	Finishing.	Miscel- laneous.	Total.
1930-31 . . . . .	(a)	34	45	(a)	(a)	(a)	..
1931-32 . . . . .	(a)	67	63	(a)	(a)	(a)	..
1932-33 . . . . .	(a)	51	39	(a)	(a)	(a)	..
1933-34 . . . . .	(a)	58	52	(a)	(a)	(a)	..

(a) The number of employees in Wool Mixing, Dyeing, Finishing and Miscellaneous have been already shown once in our reply to question No. 4, collectively for Woollen and Worsted Sections, and we have therefore not repeated here the same information.

11. Our actual production of yarn under each count in 1930-31, 1931-32, 1932-33 and 1933-34 was 245,597, 470,031, 337,312 and 353,176 lbs. respectively as shown in Statement No. 5 sent herewith.

12. The Mills consumption of woollen yarn in 1930-31, 1931-32, 1932-33 and 1933-34 is as under:—

	lbs.
1930-31 . . . . .	212,979
1931-32 . . . . .	320,662
1932-33 . . . . .	243,272
1933-34 . . . . .	281,915

As bulk of the yarn produced by us, *vide* our answer to question No. 11 is consumed by us, kindly refer to our above answer for details regarding counts.

13. The capacity of output of our Hosiery Plant is lbs. 1,000 per day.

14. The actual consumption in our Mill in Worsted and Woollen Sections of raw wool from 1930-31 to 1933-34 was as under:—

	East Indian Wool.		Imported Wool.		Tops worsted.
	Worsted.	Woollen.	Worsted.	Woollen.	
1930-31 . . .	24,136	99,453	8,323	2,594	81,531
1931-32 . . .	102,862	532,196	101,235	93,319	356,048
1932-33 . . .	3,916	261,247	106,209	124,938	597,564
1933-34 . . .	11,484	115,127	15,573	247,596	473,352

15. East Indian Wool can be used in the manufacture of woollen yarn and woollen piecegoods such as Rugs, Blankets, Tweeds, Woollen Serges, etc.

Certain classes of East Indian Wools can be used in the manufacture of worsted yarn and worsted piecegoods such as natural coloured worsted yarn and white worsted yarn, worsted Lohis, and Rumals and Serges, Worsted Cardigan Jackets, Jerseys, Comforters, Blue Grey Socks, etc.

16. The approximate average prices per lb. delivered at Mills of the raw wools during the years 1928-29 to date were as under:—

	1928-29.	1929-30.	1930-31.	1931-32.	1932-33.	1933-34.
			Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.
Tops . . .	..	..	1 4 6	0 14 0	0 13 8	1 1 9
Imported Wool . . .	..	..	0 6 0	0 8 0	0 6 6	0 8 9
East Indian Wool . . .	..	..	0 4 7	0 4 8	0 4 3	0 5 3

Variations in prices of raw wool and tops purchased by us in 1930-31 to 1933-34 were as under:—

Quality.	1930-31.	1931-32.	1932-33.	1933-34.
<i>Tops.</i>				
36/40s . . .	As. 10½	As. 9½	As. 8½ to As. 9	As. 9 to As. 14½
44/46s . . .	As. 10½	As. 10½ to As. 11½	As. 9 to As. 10½	As. 9 to As. 14½
58s . . .	Re. 0-15-9 to Re. 1-1-9	Re. 1-0-9 to Re. 1-1-9	Re. 0-15-0 to Re. 1-2-9	Re. 1-8-9 to Re. 1-14-0
64s . . .	Re. 1-3-6 to Re. 1-6-0	Re. 1-4-9	Re. 1-4-9	Re. 1-4-9 to Rs. 2-5-9
70s . . .	Re. 1-7-0 to Re. 1-9-9	Re. 1-6-9	Re. 1-6-3	Re. 1-5-9 to Rs. 2-5-3

Quality.	1930-31.	1931-32.	1932-33.	1933-34.
<i>Imported Wool.</i>				
44/46s Fleeces (cleaned scoured bases).	As. 7 to 8	As. 6½ to 8	As. 7½ to 8	As. 7½ to 11½
56/60s, Crutchings (Greasy).	As. 9	As. 9	As. 9 to 11	As. 10 to 12
<i>East India Wool.</i>				
Joria . . . .	As. 7	As. 7 to 7½	As. 7 to 7½	As. 7½ to 8.1
Busra . . . .	As. 4½	As. 4½ to 5	As. 3½ to 4	As. 4½ to 5

17. The annual output of finished goods in lbs. in the years 1930-31, 1931-32, 1932-33 and 1933-34 is as under:—

	1930-31.	1931-32.	1932-33.	1933-34.
Blankets and Rugs . . . .	85,282	97,290	23,152	41,018
Shawls . . . . .	75,179	36,944	1,11,166	67,994
Piecegoods, Worsted . . . .	5,759	44,808	41,130	71,261
Do. Woollen . . . . .	88,739	114,568	139,117	166,154
Hosiery . . . . .	35,554	Dept.	18,169	52,669
		stopped.		
Carpets . . . . .	We do not manufacture.			
Others . . . . .	13,456	50,275	69,762	52,943
Cotton . . . . .	121,435	260,153	2,837	..

We utilise our own waste in the manufacture of lower quality of goods.

*Mixtures.*—We made experiment in 1929 of manufacturing mixture Rugs (Cotton and Wool) but our difficulty was that, as mixture goods were being manufactured on a part of our machinery and as all-wool goods, against Government of India's orders, were also being manufactured on other part of our machinery, the mixture fibres were interfering with and getting mixed up with all-wool goods. Having regard to the fact that the specifications of Indian Stores Department expressly forbid admixture of foreign material in the supplies to be made against Government orders, and also having regard to the fact that manufacture of mixtures might also interfere with the superior and all-wool goods we had to drop the experiments and stick to the manufacture of all-wool goods only.

18. The values of unsold stocks in 1930-31 to 1933-34 were as under:—

	1930-31.	1931-32.	1932-33.	1933-34.
	Rs.	Rs.	Rs.	Rs.
Rugs and Blankets . . . . .	45,722	1,44,400	66,675	68,546
Shawls and Rumals . . . . .	90,186	19,000	39,900	52,569
Piecegoods . . . . .	89,023	1,98,990	2,81,910	3,93,217
Hosiery . . . . .	1,66,613	35,171	17,288	27,805
Cotton Goods . . . . .	3,049	21,906	1,253	1,180
Yarn . . . . .	425	9,797	13,415	65,829
TOTAL . . . . .	3,95,018	4,29,264	4,20,441	6,10,146

The valuation of unsold goods is based on market price or cost price whichever is lower.

19. The surplus of our yarn output after deducting the yarn required for our weaving and hosiery departments would be 3 lac lbs. This is based on single shift output and on the assumption that our looms and hosiery machinery work to their maximum capacities, on 9 hours basis. But we can increase supplies of yarn for other manufacturers, should there be a demand for such yarn, to the extent of further 15 to 16 lac lbs. by working our spinning plants double shift. These supplies can be manufactured to suit weaving, hosiery manufacture, carpets, etc., according to the demand and can be manufactured from merino crossbred or East Indian wool according to the demand.

We are supplying yarn for weaving, hosiery and belting manufacture, etc.

\* \* \* \* \*

22. The percentage of gross wastage (a) of wool in the manufacture of yarn, (b) of yarn in the manufacture of cloth is given in the Statement No. 8 attached herewith.

23. The rates of depreciation allowed by Income-tax Authorities are 2½ per cent. on building, 5 per cent. on Machinery and 7½ per cent. on Electrical Equipments. We consider these rates reasonable.

Excepting in 1933-34 in which year we provided for depreciation at the above rates, no depreciation has been provided in any of the years preceding 1933-34 on account of huge losses made by the Company, excepting the amounts written off in 1925 and 1934.

The rates of depreciation should be doubled if the machinery is worked double shift.

24. Managing Agency system is in force in respect of our Mill: The remuneration is 10 per cent. on profits before deduction of depreciation.

Managing Agents receive no commission on purchase or sales.

25. The working capital is provided by the Sir Shapurji Broacha Mills, Limited, and interest is charged at 1 per cent. over Bank rate which is debited to the cost of manufacture.

26. On account of the unsettled condition of the Woollen Industry, foreign competition, internal competition, changing tastes of the consumers, and the fall in the purchasing power of the consumer, no standard qualities could be maintained for a long time excepting the sorts mentioned in our reply to this question for which please refer to Statement No. 9 attached herewith.

In our opinion there can be no comparison between the fall in prices of manufactured woollen goods with general wholesale price as the prices of manufactured goods consists of raw material and wages, stores, power and overhead. The latter four items have practically not declined during the years under review.

27. We purchase our raw wool directly from the wool merchants and from the top makers. There are no middlemen excepting in one case where we allow 2 per cent. commission on wool purchased in Australia and New Zealand.

28. We have experienced Selling Agents at important centres. Usually we appoint a chief selling agent for each province. He is paid 4 per cent. commission on sale of cloth and hosiery, 2 per cent. on weaving and hosiery yarn and 4 per cent. on knitting yarn.

He is required to appoint sub-agents at important places in his jurisdiction and he allows half the commission to sub-agents.

During the booking season the Selling Agents, the Sub-agents and their respective canvassers tour the country with our samples, price list and order books. The orders are booked and forwarded to us for supply of goods.

In addition to this, we sell some of our products, i.e., Lohis, etc., on wholesale basis, in large business centres like Bombay, Calcutta, Cawnpore, Delhi, Amritsar to large wholesale buyers, who do the distribution of such goods themselves.

At important centres our agents and sub-agents open depôts for sale of our goods for immediate deliveries to merchants as well as consumers direct.

We have a special selling agent at New Delhi for attending to orders from Government of India (Indian Stores Department). We allow 2½ per cent. commission to our Agent on sale of our goods to Government.

We also supply goods through our Selling Agents to Indian States, for Army and Police, to Indian Railways, Jails, Municipalities and Public Bodies.

29. (i) On account of the unsettled state of the Indian Woollen Industry brought about by foreign competition the Indian Woollen Mills do not get sufficient orders for working the Mill throughout the year with the result that labour trained in woollen mills during the working period gets employed in other industries and at times we experience difficulty in recruiting skilled labour.

With an assured market and prospects for continual working this difficulty can be easily overcome and ample trained labour could be available locally.

(ii) Proportion of males to females is 4 to 1.

(iii) Average wage paid for labour in the different departments:—

	Per day.
	Rs. A. P.
Wool Mixing—	
Wool Pickers . . . . .	0 11 9
Wool scourers, mixers, etc. . . . .	0 15 6
Woollen Carding and Spinning—	
Hopper Feeders . . . . .	0 14 6
Condensers . . . . .	1 3 3
Spinners . . . . .	1 6 0
Piecers . . . . .	1 0 6
Worsted Carding, Combing, Drawing, Spinning, Doubling—	
Hopper Feeder . . . . .	0 14 6
Carding Machinemen . . . . .	1 0 6
Combers . . . . .	1 3 9
Combers (Preparatory Machines) . . . . .	1 0 6
Drawing Machinemen . . . . .	1 6 0
Spinners and Doublers . . . . .	1 0 6
Doffers . . . . .	0 12 9
Weaving—	
Weavers piece-workers average . . . . .	1 14 0 to Rs. 2
Warpers . . . . .	1 8 0
Winders . . . . .	0 13 6
Finishing—	
Machinemen . . . . .	1 0 6
Folders Fringers, Pickers, etc. . . . .	0 11 9
Dyeing—	
Dyers . . . . .	0 14 6
Hosiery—	
Reelers, Winders, Harpers, Knotters, etc. . . . .	0 13 0
Weighers, Packers, Bundlers . . . . .	0 14 6
Machinemen . . . . .	1 2 0
Pressmen, Turners, etc. . . . .	0 14 6
Repairers, Tassellers, Fringers, etc. . . . .	0 13 0

(iv) In all departments excepting weavers and warpers, daily wages are paid.

(v) We maintain efficiency standards in worsted spinning and weaving departments. About 25 to 33 per cent. of our labour attains this standard. A large proportion of our labour is changing constantly according to orders in hand.

(vi) Statistics of efficiency of other competing countries are not available.

30. On account of the close proximity of the Development Chawls and other labour residency quarters to our Mills it has not been found necessary to provide housing arrangement for our labour.

We have a free dispensary in charge of a qualified Doctor for the workers. Benefits under Workmen's Compensation Act from accidents and Maternity Benefit are provided for the workers.

31. There was a strike in March, 1932, on account of reduction in wages of about 10 per cent. Settlement was made by a compromise under which the cut was reduced from 10 per cent. to 5 per cent.

32. Particularly in woollen goods, the styles, designs, shades, etc., of goods are undergoing constant changes according to the fashion in vogue at different times and it is difficult to give running prices of the same qualities for a long period.

We have worked jointly with Raymond Woollen Mills in obtaining samples and quotations of certain typical lines of imported goods which compete with our products, reference should be kindly made to the samples submitted by Messrs. The Raymond Woollen Mills together with respective quotations.

We are submitting separately a full range of our samples and the costs of some of our typical lines are shown in our answer to question No. 21.

We are further submitting herewith sample of Japanese Berlin Wool sold under Parrot Ball Brand in October, 1934, at Re. 1-6 c.i.f. Karachi. The price of same delivered in Amritsar is Re. 1-13-9.

As against this we submit sample of our 4/12s Berlin Wool sold under our Parrot Brand which had gained considerable popularity since 1931. The bare cost without depreciation of this quality in October, 1934, was Rs. 2-1 per lb. ex-Mills.

33. We have met with most severe competition in the following articles from (a) foreign countries, and (b) other Indian Mills:—

- (i) Rugs and Blankets—Italy.
- (ii) Worsteds Piecegoods—Japan.
- (iii) Woollen Piecegoods—Italy and Internal.
- (iv) Worsteds Yarns—Poland and Japan.
- (v) Knitting Yarn—Japan and Germany.
- (vi) Sizing Flannel and Clearer Cloth—Great Britain.
- (vii) Belting Yarn—Great Britain.

There has been a fair internal competition in almost all these lines.

34. It is true that the severest competition is in mixture Blankets and Rugs and mixture piecegoods, but competition in pure wool piecegoods and yarn is not less severe.

35. There are no serious difficulties in the manufacture in India of finer qualities of worsted goods. We were, prior to 1930 manufacturing coarse and medium goods like Rugs, Blankets, Lohis, Rumals, etc. But since 1930 we have commenced manufacturing finer goods and we have not experienced much difficulty in manufacturing the goods which we are manufacturing at present. But we feel that given an assured market the Indian Industry can within a reasonable time (12 years) manufacture still finer products. The progress made by our Mill between 1930 and 1935 in itself supports this statement. But this development is likely to be stopped by the recent increase in Japanese imports.

36. The effect of increase in duty since 1931 has been negligible and has been offset by the increased imports from foreign countries like Japan.

37. The specific minimum duty of Re. 1-2 per lb. has absolutely failed to have any effect on Japanese goods as can be seen from the increasing imports from Japan.

It has on the other hand tended to increase imports of mixture goods of heavier weights.

38. Indian Wool is irregular, coarse, dirty. It is frequently received in mixed colours. The proportion of dust, dung and other vegetable matters which are generally found mixed with this wool vary considerably at different times. The sorting and picking becomes elaborate and expensive. Indian Wool, in many cases contains kempy fibres which create difficulties in dyeing.

The yields after scouring, vary considerably, in Indian Wools.

We as manufacturers have stated the defects generally found in the course of manufacture of wool. We suggest that the qualities, staples, colours, yields could be standardised. Adulteration of sand, mud, water and inferior grades should be prohibited by legislation. Farms under supervision of experts can be started at climatically suitable places to demonstrate improved results to the Growers. Financial assistance should be given by the Government to Growers at low rates of interest.

In our opinion the question of improving Indian Wool requires special study and can be dealt with by experts on sheep breeding and wool growing. In South Africa rapid developments have taken place in improving qualities of wool and we do not see why similar results cannot be achieved in India. We strongly object to the proposal of levying duty on imports of wool as such a step would, on the other hand, increase the cost of manufacture, instead of giving any relief to the Woollen Industry and would defeat the purpose of this inquiry.

The proceeds of higher import duty on manufactured articles should be utilised for improvement of sheep breeding or such expenditure should be incurred from the Indian Revenue which is bound to be benefited with the expansion of wool growing and improvement in the quality of the wool.

The effect of levying import duty on raw wool would be obviously detrimental to the Indian Woollen Industry. It would increase cost of production and pave the way for increased dumping in India of imported manufactured goods from Japan and other countries.

39. We have no information about articles manufactured out of synthetic wool from jute being imported in India.

40. Our principal markets are the Punjab, United Provinces, Bihar and Orissa, Bengal. Our goods are sold in almost all parts of India.

We have not been able to export our products owing to severe competition from countries like Japan. Our products will be subjected to same import duty as products of Japan, and we cannot compete with other countries on account of our increased cost from duty on dye stuff stores and machinery.

41. Given an assured market, the Indian Mills can meet the modern demand for a superior or more attractive class of goods to a greatly increased extent.

42. Railway freight on Indian Wool is proportionately very high taking the low value of Indian Wool into consideration and also having regard to lower scouring yields. With a view to encourage use of Indian Wool Railway freights should be reduced.

43. There has been a fair competition between handlooms and mills. Before the competition from foreign countries started, there was competition between handlooms products and mills and both were prospering.

44. Having regard to the greater difficulties of the Woollen Industry compared to the difficulties experienced by the well established cotton industry, it would not be fair to expect the desired improvements unless the

industry is given a reasonable time. In our opinion 12 to 15 years would be the minimum period within which the desired improvements can be expected.

Improvement can be looked for in production of finer and better finished goods and reduction in cost of production by increased efficiency and even by double shift working.

The extent of possible economies will depend upon the extent of protection and the period for which it is granted.

45. We do consider that protection should be given to the Indian Woollen Industry and the form it should take, the rates required and the imported goods on which the rates should be levied are dealt with in the joint representation submitted on our behalf by the Bombay Millowners' Association. The period for which the increased duties should be imposed is also stated in our answer to question No. 44.

Enclosures.

### STATEMENT No. 1.

[Answer to Question No. 5 (i), (ii) and (iii).]

Our actual annual production of Worsted Yarn spun under different Counts in the years 1930-31, 1931-32, 1932-33, 1933-34 was 101,654, 404,872, 573,051 and 444,302 lbs. respectively as under:—

Counts.	1930-31.	1931-32.	1932-33.	1933-34.
	Lbs.	Lbs.	Lbs.	Lbs.
1/5s . . . . .	2,686½	34,734	64,217	21,554
1/6s . . . . .	521½	6,817	1,954	16,091
1/7s . . . . .	1,970	3,193	13,557	23,531
1/8s . . . . .	1,548	13,452	4,946	4,989
1/9s . . . . .	2,043	56,972	85,615	32,147
1/9½s . . . . .	..	1,037	..	..
1/10s . . . . .	3,912	49,186	8,227	14,794
1/10½s . . . . .	1,042	25,399	2,293	5,347
1/11s . . . . .	..	4,363	119	258
1/12s . . . . .	23,882	62,257	97,384	29,160
1/13s . . . . .	15,194	13,079	29,296	32,423
1/14s . . . . .	1,286	16,765	15,920	32,429
1/15s . . . . .	..	1,128	6,921	..
1/16s . . . . .	12,129	8,061	52,376	26,745
1/17s . . . . .	..	1,306	..	..
1/18s . . . . .	921	14,008	24,385	16,073
1/20s . . . . .	1,463	11,286	35,191	44,930
1/21s . . . . .	..	1,122	1,476	..
1/22s . . . . .	4	1,796	103	159
1/24s . . . . .	24,507	33,956	81,408	51,032
1/28s . . . . .	1,499	3,714	8,248	5,884
1/30s . . . . .	5	5,926	1,313	5,461
1/32s . . . . .	375	23,259	23,734	4,116
1/34s . . . . .	..	..	..	..
1/36s . . . . .	6,646	10,209	13,580	48,729
1/38s . . . . .	..	..	..	..
1/40s . . . . .	20	1,661	585	183
1/42s . . . . .	..	..	203	181
1/50s . . . . .	..	186	..	32
TOTAL . . . . .	101,654	404,872	573,051	416,248



## STATEMENT No. 2.

[Answer to Question No. 5 (i).]

Statement showing production of Worsted Yarn for weaving in 1930-31,  
1931-32, 1932-33 and 1933-34.

Counts.	1930-31.	1931-32.	1932-33.	1933-34.
	Lbs.	Lbs.	Lbs.	Lbs.
1/7s . . . . .	..	274	..	267
1/10s . . . . .	..	1,017	..	..
1/12s . . . . .	..	47	175	..
1/13s . . . . .	15,495	12,844	29,812	27,429
1/14s . . . . .	1,174	1,467	1,453	1,674
1/16s . . . . .	15,514	1,866	32,249	8,275
1/18s . . . . .	..	67	..	..
1/20s . . . . .	..	6,746	8,907	20,722
1/21s . . . . .	..	1,089	..	..
1/22s . . . . .	..	1,369	..	..
1/24s . . . . .	111	2,777	591	..
1/28s . . . . .	1,343½	10	..	..
1/32s . . . . .	..	135	235	..
1/36s . . . . .	367	105	231	491
2/10s . . . . .	..	478	..	..
2/12s . . . . .	..	1,016	796	1,930
2/16s . . . . .	..	..	..	224
2/20s . . . . .	192	..	21,469	7,581
2/22s . . . . .	..	..	..	150
2/24s . . . . .	23,010	29,347	76,730	47,409
2/28s . . . . .	..	3,396	..	4,285
2/30s . . . . .	17½	3,200	139	2,416
2/32s . . . . .	381	21,194	21,984	3,013
2/36s . . . . .	5,909½	9,611	11,437	38,554
2/40s . . . . .	..	..	..	9
2/150s . . . . .	24½	..	..	33
3/24s . . . . .	561	518	..	..
3/36s . . . . .	..	..	..	1,241
3/150s . . . . .	73	..	..	..
4/16s . . . . .	112	..	..	..
4/20s . . . . .	1,345	..	..	..
2/24s . . . . .	394	..	..	..
4/32s . . . . .	19	..	..	..
4/150s . . . . .	814	..	..	..
4/176s . . . . .	48	..	..	..
1/176s . . . . .	15	..	..	..
3/18s . . . . .	878	4,595	..	..
4/20s . . . . .	73	..	..	..
4/5s . . . . .	..	626	..	..
2/400s . . . . .	..	336	..	..
1/32s . . . . .	..	..	1,358	1,269
1/20s . . . . .	..	..	..	..
1/24s . . . . .	..	..	509	85
1/20s . . . . .	..	..	..	..
1/36s . . . . .	..	..	59	123
2/40s . . . . .	..	..	..	..
Carpet Yarn . . . . .	1,818	22,353	20,577	22,389
Belting Yarn . . . . .	2,456	32,614	64,534	52,859
TOTAL . . . . .	72,145	159,097	293,245	251,328

## STATEMENT No. 3.

[Answer to Question No. 5 (ii).]

Statement showing production of Worsted Yarn for Hosiery Manufacture and Hosiery Sale Yarn for the years 1930-31, 1931-32, 1932-33 and 1933-34.

Counts.	1930-31.			1931-32.			1932-33.			1933-34.		
	Hosiery Manufacture.	Hosiery Sale.	Total.	Hosiery Manufacture.	Hosiery Sale.	Total.	Hosiery Manufacture.	Hosiery Sale.	Total.	Hosiery Manufacture.	Hosiery Sale.	Total.
1/6s and 2/6s	521	..	521	..	1,612	1,612	..	..	..	72	..	72
2/7s	1,777	..	1,777	..	4,580	4,580	..	..	..	26	..	26
1/8s and 2/8s	507	108	615	..	4,580	4,580	123	..	123	2,797	..	2,797
2/9s	..	519	519	..	23	23	..	..	..	422	..	422
2/10s, 2/10s and 3/10s	2,078	2,242	4,320	..	72,194	72,194	1,195	8,512	9,707	15,665	467	16,132
2/11s	..	..	..	..	33,687	33,687	118	8,899	12,658	1,955	1,913	3,768
1/12s, 2/12s, 3/12s, 4/12s	3,274	69	3,343	..	14,986	14,986	3,739	13,910	14,532	9,314	7,913	17,227
1/14s, 2/14s	..	110	110	..	1,986	1,986	642	..	..	..	..	..
1/15s	..	..	..	..	..	..	101	7,385	7,486	..	..	..
2/16s, 2/16s	131	19	150	..	4,049	4,049	11,858	7,515	19,373	18,724	1,098	19,822
1/18s, 2/18s	348	4	352	..	9,071	9,071	..	24,095	24,095	..	16,089	18,089
1/20s, 2/20s	85	19	104	..	4,484	4,484	1,135	3,103	4,238	8,190	68	8,238
1/21s	..	..	..	..	..	..	..	1,468	1,468	..	..	..
2/22s	..	4	4	..	553	553	..	2,740	2,740	1,203	1,175	2,378
1/24s, 2/24s	9	10	19	..	746	746	26	8,190	8,190	986	..	986
2/28s	..	5	5	..	297	297	..	1,108	1,108	..	..	..
1/30s, 2/30s	..	5	5	..	2,707	2,707	..	..	..	1,019	2,908	2,908
1/32s, 2/32s	..	23	23	..	1,093	1,093	..	27	27	16	84	1,100
1/36s, 2/36s	..	111	111	..	478	478	..	579	579	6,225	..	6,225
2/40s	..	15	15	..	1,522	1,522	..	205	205	..	178	178
1/42s, 2/42s	..	..	..	..	..	..	..	..	..	..	175	175
2/50s	..	..	..	..	136	136	..	..	..	..	27	27
2/60s	101	..	101	..	..	..	..	..	..	..	..	..
TOTAL	8,331	3,263	12,094	..	152,108	152,108	13,965	87,742	106,707	66,595	81,945	96,540

## STATEMENT No. 4.

[Answer to Question No. 5 (iii).]

Statement showing annual production of Worsted, Knitting and Miscellaneous Yarn for the year 1930-31, 1931-32, 1932-33 and 1933-34.

	1930-31.	1931-32.	1932-33.	1933-34.
<i>Knitting Yarn.</i>				
4/6s . . . . .	..	..	..	8,500
4/7s . . . . .	..	..	11,594	18,803
2/9s and 3/9s . . . .	..	..	4,728	8,974
4/9s and 4/9½s . . . .	901	50,303	77,098	17,612
4/10s . . . . .	..	..	..	82
4/11s . . . . .	..	4,156	..	11
4/12s . . . . .	2,614	23,554	68,751	21,031
4/13s . . . . .	..	..	..	3,965
4/14s . . . . .	..	..	..	15,717
4/15s . . . . .	..	1,784	..	14
4/16s . . . . .	..	223	1,655	..
4/17s . . . . .	..	1,205	..	13
4/18s . . . . .	..	16	..	293
Total of the Knitting Yarn .	3,515	81,241	163,826	95,015
<i>Miscellaneous Yarn.</i>				
3/1.7 . . . . .	..	..	..	85
3/3 . . . . .	3,559	..	588	8,346
4/3½ . . . . .	..	..	4	..
Total of the Miscellaneous Yarns.	3,559	..	592	8,431
GRAND TOTAL .	7,074	81,241	164,418	103,446

## STATEMENT No. 5.

[Answer to Question No. 11.]

Our actual annual production of woollen Yarn under each count span in 1930-31, 1931-32, 1932-33 and 1933-34 was 245,597, 470,081, 337,312 and 353,176 lbs. respectively as under:—

Count.	1930-31.	1931-32.	1932-33.	1933-34.
	Lbs.	Lbs.	Lbs.	Lbs.
34s . . . . .	247	57,754	61,981	..
40s . . . . .	..	..	149	3,414
45s . . . . .	95	131	..	..
50s . . . . .	60,825	46,489	2,002	4,648
56s . . . . .	177	..	..	3,108
60s . . . . .	42,489	26,613	..	4,164
64s . . . . .	14,848	111	316	..
70s . . . . .	111	..	4,111	166
80s . . . . .	8,002	8,350	3,139	25
90s . . . . .	1,080	5,130	..	..
100s . . . . .	..	29,349	12,999	15,116
120s . . . . .	34,848	79,279	24,271	104,414
125s . . . . .	..	..	..	6,791
130s . . . . .	88	63	..	4,257
135s . . . . .	..	..	..	352
140s . . . . .	6,517	..	1,442	4,309
150s . . . . .	199	11,132	84,345	27,524
155s . . . . .	..	3,745	8,418	6,018
160s . . . . .	30,058	53,748	39,607	99,030
170s . . . . .	..	7,200	5,427	11,698
180s . . . . .	4,800	40,524	1,899	3,264
175s . . . . .	..	..	..	671
190s . . . . .	2,618	..	..	415
200s . . . . .	25,758	96,389	88,785	34,116
210s . . . . .	7,662	..	..	..
240s . . . . .	3,133	..	444	162
2/240s . . . . .	..	..	5,464	4,555
280s . . . . .	..	234	..	..
300s . . . . .	..	3,151	2,513	14,796
315s . . . . .	..	..	..	34
320s . . . . .	..	182	..	..
350s . . . . .	2,042	..	..	..
400s . . . . .	..	498	..	..
420s . . . . .	..	..	..	132
TOTAL . . . . .	245,597	470,081	337,312	353,176

## STATEMENT No. 8.

[Answer to Question No. 22.]

The percentage of gross wastage (a) of wool in the manufacture of yarn and (b) of yarn in the manufacture of cloth in the finished articles mentioned in Question No. 21 is as under:—

	Gross Wastage of wool in manufacturing Yarn.	Gross Wastage of yarn in manufacturing Cloth.
<b>A. Woollen Cloths.</b>		
(1) Tweed, 16-20 ozs., 54", No. 1229 . . . . .	36	20/21
(2) Blazer Cloth, 14-18 ozs., 54", No. 1343 . . . . .	34	19
(3) Melton Cloth—not manufactured . . . . .	...	...
(4) Grey Oxford—not manufactured . . . . .	...	...
(5) Khaki Coat, 23-32—54" . . . . .	41	24
(6) Broad Cloth—not manufactured . . . . .	...	...
<b>B. Serges.</b>		
(1) Worsted Warp and Woollen Weft, 16 to 18 ozs., 54" . . . . .	22	17
(2) Khaki Drab—not manufactured . . . . .	...	...
<b>C. Worsted.</b>		
(1) Serges and Coatings, 8 to 16 ozs., 54" . . . . .	10	12½
(2) Shawl Cloth—not manufactured . . . . .	...	...
(3) Shawls and Lohis . . . . .	10	10
<b>D. Yarn.</b>		
(1) Worsted Yarn, weaving (in oil) . . . . .	11	...
(2) Hosiery Yarn, scoured . . . . .	15	...
(3) Knitting Yarn, scoured or dyed . . . . .	17	...
<b>E. Blanket and Rugs . . . . .</b>		
Blanket and Rugs . . . . .	41	21
Hosiery goods, Worsted . . . . .	10	18
Hosiery goods, Woollen . . . . .	36	25



(2) Letter No. 111/41, dated the 27th February, 1935, from the Indian Woollen Mills, Bombay.

*Subject:—APPLICATION OF THE WOOLLEN INDUSTRY FOR PROTECTION.*

With reference to the interview Mr. Gordhandas had with you yesterday the information required by you is as under:—

In answer to question No. 17, the details of annual output of "Other Sorts" in the years 1930-31 to 1933-34 are as under:—

In 1930-31 the quantity of finished of "Other Sorts" is 13,456 lbs. These were Blankets made out of cotton warp 33 per cent. and woollen weft 66 per cent.

In 1931-32 the total quantity of other sorts was 50,275 lbs. Out of this 22,000 lbs. was the finished production of worsted warp, 33 per cent. woollen weft, 66 per cent. serges and tweeds. In addition to this 28,000 lbs. was the finished production of (cotton warp 33 per cent. and woollen weft 66 per cent.) Tweeds.

In 1932-33 the quantity finished was 69,762 lbs. consisting of (worsted warp 33 per cent. and woollen weft 66 per cent.) Serges and Tweeds.

In 1933-34 the quantity of finished production was 52,943 lbs. This consisted of 49,000 lbs. Serges and Tweeds (of worsted warp 33 per cent. and woollen weft 66 per cent.) and 4,000 lbs. of cotton worsted mixture palmbeach and the respective proportion of cotton and worsted was 50 per cent. and 50 per cent. respectively.

Statement Nos. 2, 3 and 4 represent *issue* of weaving yarn, hosiery yarn and knitting yarn from Worsted Spinning Department and not the *production* of yarn for Weaving, Hosiery and Knitting.

We shall feel obliged if you please make this correction.

In our answer to question No. 14 the figures of consumption shown are of raw wool only. The approximate weight of worsted by-products used in woollen mixings in the years 1930-31 to 1933-34 was as under:—

	lbs.
1930-31 . . . . .	41,672
1931-32 . . . . .	62,275
1932-33 . . . . .	45,619
1933-34 . . . . .	46,012

(3) Letter No. 111/103, dated the 4th March, 1935, from the Indian Woollen Mills, Bombay.

*Subject:—APPLICATION OF THE WOOLLEN INDUSTRY FOR PROTECTION RE SIZING FLANNEL, CLEARER CLOTH AND BELTING YARN.*

In continuation of the general representation made on behalf of the Indian Woollen Industry by the Millowners' Association, Bombay, and in further continuation of our letter No. 110/412, dated the 22nd February, 1935, enclosing our replies to the Questionnaire sent to us, we consider that the protective Import Duty on Sizing Flannel and Clearer Cloth should be increased to the same extent as may be imposed on all wool piecegoods, and on belting yarn which is manufactured from 100 per cent. wool, the protective Import Duty should be increased to the same level as the woollen and worsted weaving yarn and hosiery yarn.

(4) Letter No. 111/123-4, dated the 4th March, 1935, from the Indian Woollen Mills, Bombay.

*Subject:—APPLICATION OF THE WOOLLEN INDUSTRY FOR PROTECTION.*

In reply to Mr. Addyman's enquiry over telephone on the 2nd instant, we beg to state that in our Statement No. 2 the production of worsted yarn for weaving includes worsted carpet yarn and worsted belting yarn which

we had manufactured for sale, *vide* last two items of our Statement No. 2. The position will now be as under:—

## STATEMENT No. 2.

	1930-31.	1931-32.	1932-33.	1933-34.
Worsted yarn produced for Weaving . . . . .	67,871	104,130	208,134	176,080
Worsted carpet yarn produced for sale . . . . .	1,818	22,353	20,577	22,389
Worsted belting yarn produced for sale . . . . .	2,456	32,614	64,534	52,859
	<u>72,145</u>	<u>159,097</u>	<u>298,245</u>	<u>251,328</u>

In our reply to question No. 17 the quantity of finished hosiery goods includes hosiery goods manufactured out of worsted as well as woollen yarn. Mr. Addyman wanted the issues of woollen yarn for hosiery manufactured in the years 1930-31 to 1933-34 and the same are as under:—

	Lbs.
1930-31 . . . . .	16,891
1931-32 . . . . .	<i>Nil.</i>
1932-33 . . . . .	5,546
1933-34 . . . . .	36,697
	<u>59,134</u>

(5) Letter No. 113/140-2, dated the 4th May, 1935, from the Indian Woollen Mills, Bombay.

*Subject*:—APPLICATION OF INDIAN WOOLLEN INDUSTRY FOR PROTECTION.

During our joint evidence we requested that in the recommendations for protection to the Indian Woollen Industry which the Tariff Board might make, the present revenue duties on all countries including United Kingdom should be changed into protective duties subject to such further increase as may be recommended by the Tariff Board by way of protection to the Indian Woollen Industry.

Whilst making this request we were deeply concerned with the possibility of the revenue duties against United Kingdom goods being reduced, should the revenue requirements of Government of India permit the same. However, remote that possibility may appear to be, it was pointed out that in the interest of the Indian Woollen Industry whatever measures of protection may be granted, should leave no possibility which might defeat the objects of protection to the Industry. We are afraid that if such a possibility is not thoroughly safeguarded the Indian Woollen Industry will be left to the same fate as at present and that the chief competitors would be Great Britain instead of Japan and Italy.

We were asked to send you samples and prices of same of the typical lines of British goods together with corresponding samples and costing and we were asked to send you samples of Tweeds and Blazer.

Accordingly we submit samples of British Blazer No. 100001 which is freely selling in the Mulji Jetha Market retail at Rs. 2-10 per yard duty paid in November, December, 1934. We therefore take it that in the ordinary course these goods must have been indented in February, March, 1934, for July, August and onward shipment. As against this we offer our



sample No. 1555 of which we send a quarter yard sample and costings\*, viz., Rs. 2-11-6 per yard worked out on the same basis as taken in our various costings submitted with our replies to your Questionnaire. Please see our letter No. 110/412, dated the 22nd February, 1935. We also send sample of English Tweed which is selling at Rs. 2-8 retail per yard duty paid. As against this we submit our sample No. 1356 which is the nearest from our production to this English Tweed. The cost is Rs. 2-15-4½ per yard worked on the basis referred to above in this paragraph.

We extremely regret the omission of sending you these particulars which were omitted through oversight and we earnestly hope that it will not be too late and that this will receive your serious consideration having regard to the importance of the point.

This concludes all the information, samples, etc., to be submitted by us. If, however, any further information is required we shall be pleased to submit the same on hearing from you.

### **The Cawnpore Woollen Mills, Cawnpore.**

*Letter dated the 6th March, 1935.*

We duly received your circular letter No. 4, dated the 4th January, enclosing the questionnaire for Mills issued by the Tariff Board in the course of their Enquiry into the application for Protection made by certain members of the Woollen Industry.

Your request has received very careful consideration by our friends the New Egerton Woollen Mills and ourselves. It was fully discussed at a recent meeting of our Board of Directors who decided that, owing chiefly to the intensive internal and external competition which we have to face, it would not be desirable for us in the interests of their shareholders, to divulge any figures of cost, output, etc. That this decision must restrict the value of our replies to your questionnaire they regretfully admit, but they have instructed us also—being desirous of our co-operating as far as we can within the limits laid down by them—to reply in general terms to those questions where we are in a position to do so.

Enclosure.

WOOLLEN ENQUIRY.

#### *Replies to Questionnaire for Mills.*

1. (a) The Cawnpore Woollen Mills commenced operations in the year 1876 and the New Egerton Woollen Mills, Dhariwal, in the year 1880.

(b) The amount sunk in these two Mills is in the neighbourhood of Rs. 4 crores.

(c) These Mills have no separate entity, are a part of the British India Corporation, Limited, and consequently Balance Sheets are not available.

(d) Depreciation is written off annually in accordance with income-tax allowances.

(e) We estimate the cost of erecting similar Mills to-day would be considerably in excess of the figure given under (b).

2—6. *Worsted Departments.*—In both Mills, the Worsted Plant installed is up-to-date and efficiently run and is capable of spinning all counts up to and including 64's counts. Both Cap and Fly Spindles are installed for the production of a complete range of weaving and hosiery yarns of all counts and qualities, for our own consumption as well as for sale. In these Departments on the present basis of duties and currencies we can about hold our own against all Countries except Japan.

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\* Not printed.

7-12. *Woollen Departments.*—In our Woollen Sections (equipped with modern plant and efficiently run), yarns from the coarsest quality to 300 counts (*i.e.*, three hundred yards per  $\frac{1}{2}$  oz.) are manufactured. The yarn produced is consumed in our own Mills or sold as the raw material to other consumers. In this section on the present basis of duties and currencies we have been able to hold our own except against Italy, but Japan is now beginning to enter this division of the Trade and unless the Industry is adequately protected against this Country, the Woollen Section will soon be in the same position as the Worsted Section.

13. *Hosiery.*—In our Woollen and Worsted Hosiery Sections, which have the largest plant in India, a complete range of fabrics is made—coarse, medium and fine—from yarn spun in our own Mills, but our output is limited owing to Japanese competition.

*Labour in all sections.*—During the last three years, our labour force has been in the region of 1,400 in each Mill, but, if our Mills were fully employed, approximately double this number could be utilized in the day shift alone.

15. *Wool.*—We are fully equipped to process all types of wool from coarse Indian qualities to the finest type of Merino.

We use all types of East Indian and Indian wools for the manufacture of fabrics from the coarsest Blankets up to Tweeds and Medium Broadcloths, Suitings, Hosiery, etc. Wool for the finer types of Broadcloths, Hosiery and Suitings must as in the case of the majority of foreign countries also, be imported.

17. We have made certain fabrics containing mixtures and shoddies but although we can manufacture them without difficulty, the low price of the imported product precludes the Indian Manufacturers obtaining the cost of manufacture, let alone cost *plus* profit.

19. As previously stated both Mills can manufacture all the types of yarns specified in the grades of wool suitable for the purpose and are doing so. Our Mills also supply other manufacturers but unfortunately on a comparatively small scale owing to the rates at which other countries, particularly Japan, are dumping yarns and manufactured goods in India. Were a demand at reasonable rates to arise we could by working double shifts so increase our output of yarn as to be able to offer 30 to 40 lacs of pounds per annum.

23. The rates of depreciation allowed by the Income-tax Authorities will be found on pages 72, etc., of the Income-tax Manual (Fifth Edition). In certain cases these are, we consider, inadequate, as those at present obtaining for Hosiery and Tailoring machinery and Electrical Plant should be doubled.

In the event of a Mill being worked double shifts double depreciation should be allowed.

24. We do not operate under the Managing Agency system.

25. Working Capital is provided by the shareholders and no interest on working capital is debited to the cost of manufacture under this head.

26. There have been considerable reductions in prices due, in the main, to the policy adopted by Japan which enjoys the benefit of a depreciated currency and, we understand, indirect shipping subsidies in connection with the shipment of the raw material from Australia and of manufactured goods to India. Further it will be noted that even where raw material prices have fallen there has been no material decline in such manufacturing expenses as wages, stores, power and overheads.

27. With regard to the purchase of raw materials, these purchases are made by our own staff direct wherever possible. In other cases, a small buying charge has to be paid to brokers who collect the wool from the villages and forward it to a central collecting point.

28. Our goods are sold direct to Merchants or through Agents who receive a maximum commission of 4 per cent.

29. (1) We have no difficulty in recruiting the labour we require.

(2) Female labour is only employed in our Wool Picking Department and does not usually exceed fifty individuals.

(3) Wages are on a piecework basis and daily labour is only paid to employees for whom an effective piecework system cannot be arranged, i.e., such as Jamadars, mistries, etc., and to casual labour.

(4) With regard to efficiency standards generally, the standard of Indian labour is about 7½ to 15 per cent. below that of highly industrialized Western Countries, depending of course in degree on the type of fabric manufactured.

30. For workers who come from a distance we have erected model villages of an up-to-date and sanitary type. We provide free medical attention in the Mills and such Settlements, look after sanitation, organise sports, provide Clubs, Reading Rooms, Schools, etc.

31. We have had no industrial dispute in the Cawnpore Woollen Mills for about fourteen years and in the New Egerton Woollen Mills, Dhariwal, for over seven years.

32. We have no record of these prices but the average cost of the various imported articles can be obtained from a reference to the Customs House Returns. As far as possible we fix our price in accordance with that of the imported article if we are unable to offer at lower rates, but as the selling rate of the Japanese product is easily, to quote a modest figure, 33½ to 50 per cent. less than that of the actual cost of production in India, it will be readily seen that the position of the Indian Manufacturer is hopeless even after adding the present import duty.

33. The question of competition has already been dealt with under paragraph 26 and we do not think there is any need to comment further.

34. While the competition from imported mixture goods is very severe we consider it is less than the exceedingly keen competition experienced from pure woollen piecegoods and yarns from Japan or formerly from Polish yarns.

35. No difficulties whatever are experienced in the manufacture of the finer qualities of worsted goods.

36. Owing to Japanese competition the effect of the successive increase of duty since 1931 has been *nil*. It will further be remembered that the import duty in the case of Blankets and Rugs has not been increased since 1931.

37. The minimum specific duty of Re. 1-2 per lb. has not been so far as we are concerned, of the slightest use.

38. Indian Wool can be used for the manufacture of all types of fabrics except the fine broadcloths, hosiery and worsted fabrics referred to in paragraph 15.

Unfortunately little has been done to improve the quality of Indian Wool although this is a matter which we believe has recently been under consideration by the Imperial Council of Agricultural Research. As far as we know no attempt has been made to get into touch with manufacturers who consume large quantities of all types of wool and it appears to us that the Imperial Council of Agricultural Research has no real idea of the types of staple which manufacturers require. We are most definitely against a duty being imposed on imported wools as imported wool has to be utilised for many types of fabrics and such a duty would only make the position of the manufacturer who is endeavouring to compete with Japan infinitely worse than it is.

39. We are thoroughly conversant with this subject. We have manufactured it in our own Mills and we have actually inspected the processes of manufacture on the Continent. So far however no process has been devised which, in our opinion, would justify us in using the synthetic article.

40. Our fabrics are sold all over India but we have not been successful in exporting in large quantities to other countries owing to tariffs and low Japanese prices.

41. Given an assured Market, Indian Mills can meet the modern Indian demand for the superior and more attractive type of article,—woollen or worsted. Our Mills have, since their inception, been continually increasing their range and improving their types of fabrics in accordance with the demand brought about by the increase of the educated classes. Even ten years ago there was little or no demand for the finer qualities but during the last ten years the taste of the public has changed considerably. The student class for example which ten to fifteen years ago was content to use Puttoos and coarse blankets now demand the finer types of tweeds, flannels, and worsteds and as the country develops the offtake of these fabrics will increase. We maintain that by means of Press advertisements, exhibitions, propaganda, etc., we have been instrumental in developing among the educated and semi-educated classes this taste for a higher quality of materials.

42. We have no particular comment to make under this head except the general one that we consider the freight tariff is too high.

43. Hand-loom and Mill-made products are of course sold together in all Markets but as there is a big difference between the two types neither is likely, as far as we can see, to affect the other to any great extent.

The handloom industry has as well as the Mill industry, been adversely affected by the present extensive competition from foreign countries.

44. We are in agreement with the first sentence of this paragraph but we must make it clear that improvements and reductions cannot be secured within any reasonable period unless the industry is protected, not so much against the Continental manufacturer, provided the present currency standards are maintained, as against Japan. Ten years would be the minimum period in which it would be possible for the industry as a whole to develop. Should adequate protection be secured for such a period it might reasonably be anticipated that full time working could be secured to the Indian Industry throughout the year, leading to reduced costs of manufacture per unit. This is the main economy we would expect as we know of no improved method of manufacture which have not been adopted by us.

45. Speaking in general terms we are more or less in agreement with the suggestions put forward on behalf of certain of the Member Mills by the Millowners Association. We consider that the form which protection to the industry should take should be based on a higher scale of duties, principally against Japan, and on a quota against that country. The duties in every case should be such that Japanese manufacturers cannot quote a lower price than that quoted for imports from other countries, subject of course to the present duties not being reduced—we do not object to the maintenance of the ten per cent. preference under the Ottawa Agreement. In our opinion also the duties on yarns whether for knitting or weaving and on Rugs and Blankets should be enhanced to at least 25 per cent. and 35 per cent. for goods of British and foreign origin while unions might be treated as cotton goods and so subject to the duties already laid down for these fabrics.

The other point to bear in mind is that if Continental countries go off the Gold Standard, the position will be materially changed for the worse. Under existing condition we can compete against Continental products with a few exceptions—rugs from Italy and yarn from Poland—but if any further currency depreciation by Continental countries is adopted such depreciation should be countered automatically by an increase in the rate of duty.

*General.*—In our own Mills approximately 50 per cent. of our total plant has been standing idle for some years and we calculate that if Japanese selling prices are, by means of tariffs, equated to those of imports from other countries it would be possible for us to obtain sufficient business to

run practically the whole of this plant, thus providing more work for Indian labour, increasing our consumption of Indian Wool, Indian Coal, Oil and Stores, etc., manufactured in India and utilizing additional direct and indirect Indian railway freight.

It should further be remembered that Japan does not propose that her Woollen Industry should remain stagnant. From the "Times" Trade and Engineering Supplement for November last we learn that Japan proposes to increase her wool purchases in Australia and elsewhere from the present considerable figure of £250 million to £400 million within the next ten years and is already using that intention as a bargaining point. That the idea of a quota on her goods is not in itself repugnant to Japan would also appear from the same publication, as, in regard to Hosiery imports into Great Britain, Japan is stated to be endeavouring to establish the principle of a quota.

### **The Bangalore Industrials, Bangalore.**

*Letter dated the 12th February, 1935.*

Referring to your questionnaire about Woollen Industry, we beg to state that our Factory was established in 1924 and we have been manufacturing Woollen Carpets (Druggets) and exporting to England and America and also selling in India. We use annually one lakh of lbs. of woollen yarn for our Carpets and we don't mix any shoddy or jute in the manufacture of the yarn. We are making only to that extent of our requirements and not more for sale. The net cost of finished product including all expenses comes to nearly nine annas per lb. and of late we have not been able to sell the same at As. 9-6 per lb. due to business depression and competition from other countries. We are also dealing largely in all wool Blankets and our Markets are Bengal and Assam and also Ceylon. Owing to the competition of cheap Italian Rugs, our business in this line has dwindled by 90 per cent. with the result that we are not able to sell even 1/10 in handloom Cumblies and powerloom Blankets of what we were doing previously. The Italian Blankets contain all sorts of rubbish besides wool and as the same is finished nicely, the buyers always prefer to purchase Italian Rugs to local made Blankets.

We are of opinion that unless protection is given to the Indian Woollen Industry by imposing an additional import duty of 50 per cent. for 10 years, the handloom which produce Cumblies in all wool and powerlooms producing all wool Blankets will be completely ruined within a short time. The Industry is already dying, as people engaged in the Woollen Industry are not able to obtain monies at the prevailing rate of interest in the Market. This is due to the fact that Capitalists are afraid to advance monies to the handloom weavers, who are unable to find a ready Market for their productions.

Skilled workmen are available locally in large numbers and many are not able to find employment due to the bad condition of the trade. When once the Tariff Wall is raised and cheap Italian Rugs are made difficult to enter our Markets freely at low rate of duty as now, we are sure the handloom weavers will thrive well and large quantities of wool that are now exported to England and America can be advantageously utilised in this country.

### **The Oriental Carpet Manufacturers (India), Limited, Amritsar.**

*Letter dated the 16th February, 1935.*

With reference to your letter No. 4 of the 4th January, 1935, we beg to submit herewith our replies to the questionnaire for mills with 6 spare copies as desired.

## Enclosure.

## REPLIES TO QUESTIONNAIRE FOR MILLS.

1. (a) The mill started working in 1923.
- (b) Capital invested Rs. 12,00,000. Paid-up Rs. 12,00,000.
- (c) Yes, Balance Sheets for the years available since 1923 are enclosed.
- (d) Original cost Rs. 13,37,053. Additions made Rs. 1,27,015. Depreciation written-off Rs. 5,71,320. Present Value Rs. 8,92,748.
- (e) Rs. 8,00,000.

2-6. We have no Worsted Plant.

7. Powerlooms 24. Handlooms 35. Cards 7. Spindles 2,450.

8. From the very beginning the same.

9. Daily about 1,600 lbs. of 8 skeins yarn.

10. Average number of workers employed daily 250.

11. 1923-24—Production—

	Lbs.		Lbs.
60c . . . . .	280,000	37c . . . . .	185,000
30c . . . . .	5,000	50c . . . . .	2,000
33c . . . . .	160,000		

Average yearly production since 1923—

	Lbs.		Lbs.
25c . . . . .	94,000	75c . . . . .	20,000
28c . . . . .	130,000	80c . . . . .	28,000
32c . . . . .	125,000	100c . . . . .	35,000
34c . . . . .	36,000	175c . . . . .	10,000
35c . . . . .	40,000	120c . . . . .	8,000
40c . . . . .	108,000	45c . . . . .	17,000
46c . . . . .	90,000		

12. Average Consumption—

	Lbs.		Lbs.
40c . . . . .	108,000	80c . . . . .	28,000
45c . . . . .	17,000	100c . . . . .	35,000
46c . . . . .	90,000	120c . . . . .	8,000
75c . . . . .	20,000	175c . . . . .	10,000

13. We have no Hosiery Plant.

14. (a) Nil (no Worsted Plant).

(b) Average consumption, yearly 1,000,000 lbs.

(A) 9,80,000 lbs.

(B) 20,000 lbs. (36s-48s-56s-Australian Wool.)

15. For carpet yarns, blankets, inferior quality tweeds, and some types of coating cloth.

16. 6-75 for Indian wools. 11-00 for imported Australian wools.

17. Blanket and Cloth—

	Lbs.		Lbs.
1923-24 . . . . .	127,000	1931 . . . . .	264,200
1928 . . . . .	100,600	1932 . . . . .	153,000
1929 . . . . .	73,595	1933 . . . . .	280,000
1930 . . . . .	197,200		

We also spin carpet yarns for our affiliated Company the East India Carpet Co., Ltd., who make the carpets from our yarn. We have never made mixtures in our manufactures.

	Rs. A. P.		
18. 1928 . . . . .	54,247	9	2
1929 . . . . .	23,917	10	1
1930 . . . . .	32,429	10	9
1931 . . . . .	20,833	8	10
1932 . . . . .	62,340	7	6
1933 . . . . .	24,115	4	9

19. (a) Nil.

(b) 11,000 lbs. weaving yarns monthly.

(c) 50,000 lbs. carpet yarns, monthly.

Yes, we are supplying yarn for the manufacture of carpets.

20.

	1928.	1929.	1930.	1931.	1932.	1933.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Cost of Raw Materials (Wool)	9,10,390	7,00,949	3,90,991	2,71,898	2,50,219	2,90,017
Manufacturing Cost . . . . .	3,28,626	2,82,980	2,58,336	1,90,806	2,16,429	2,33,175
Dyewares . . . . .	43,126	22,071	18,618	11,851	26,200	27,345
Chemicals . . . . .	3,318	3,989	4,534	2,246	3,400	5,230
Supplies . . . . .	60,580	49,463	46,118	38,079	42,111	57,758
Stores . . . . .	23,980	21,673	20,705	21,680	22,287	20,650
Wages . . . . .	72,560	62,717	56,668	46,967	51,334	55,186
Salaries . . . . .	86,606	90,988	81,986	45,263	43,792	47,683
Insurance . . . . .	6,630	6,175	7,846	6,389	4,963	4,330
General Charges . . . . .	22,122	15,228	10,979	11,353	12,985	5,859
Bundries . . . . .	5,000	7,200	6,000	4,900	6,500	6,000
Packing . . . . .	4,754	3,476	3,087	2,068	2,857	2,946
Depreciation . . . . .	51,803	51,612	51,626	51,924	52,085	52,472

21. The above charges allocated as under:—

Blankets and cloth 10 per cent.

Wool (dyeing and scouring) 5 per cent.

Yarn for blanket and cloth, carpets and sales 85 per cent.

Depreciation is not allocated in the charges, i.e., in manufacturing cost.

22. (a) 15 to 20 per cent.

(b) 18 to 25 per cent.

23. Building 2½ per cent. Machinery 5 per cent. Furniture 5 per cent.

We consider the rates reasonable as regards building, for machinery should be 7½ and furniture 10 per cent. Double for the machinery.

24. No.

25. Capital invested by the Mother Company. No interest is debited to the cost of manufacture.

26. Blanket and Cloth 4 to 8 per cent. Due to hard competition of foreign and internal, sometimes the sales are made at cost and sometimes below cost. Yarn 8 to 10 per cent.

27. The wool is purchased direct from the wool merchants in different Indian markets. Foreign wool is purchased from Melbourne (Australia).

28. The finished products (cloth and blanket) are sold to a local contractor at the contracted rates made every year and 5 per cent. commission is allowed.

29. (I) No, it can be obtained locally.

(II) 10 to 1.

(III) 10 to 12 annas daily for average labour.

(IV) All the labourers are paid daily wages except the weavers who are paid on piece-work.

(V) One or two Jamedar (efficient man) for each Department.

(VI) We consider the efficiency of our labour much below the standard of foreign countries especially Japan.

30. Quarters are provided to the labourers adjacent to the mill premises.

31. No.

32 and 33. Italian blankets and Japan tweeds have considerably affected our business, so much so that there is practically no sale for our blankets in the market.

34. Yes, mostly from Italy.

35. New machinery for finer manufactures, and lack of skilled labour. New machinery means more expenditure, which the manufacturer cannot afford to spend unless he sees that some help under the form of protection is given to him by the Government, skilled labour can be imported at any time and kept for a year or so, to train local labour.

36. Insignificant, as the duty imposed was not sufficient to protect the industry from the influence of foreign goods, we have seen also cases whereas prices for certain goods ought to be higher on account of the increase of duty, became lower after the imposition of higher duty, the reason not being that the prime cost of the raw material became cheaper.

37. In our own case the specific duty of Rs. 1-2 did not help us (see above).

38. Every one knows that while the Indian wool is the best for cheap quality of carpets, is unsuitable for cloth, and particularly for fine qualities. The Indian wool has very good milling properties but its fibre is coarse and rough. As regards Punjab, the Department of Agriculture has taken the matter up lately, and a Committee has been formed, a member of which is one of the Director of our Company to investigate the matter. The improvement of sheepbreeding from the proceeds of a duty on imported wool will harm still more the Woollen Industry which already has many troubles to face. This would be also contrary to your paragraphs 35 and 38. How you expect to manufacture fine goods from a coarse wool, and how you expect to make an article at a competitive price, with foreign countries, whom you suggest to charge the imported fine wool with a special duty. The effect not only on one production but on the whole of the woollen Industry would be disastrous.

39. We have no such knowledge.

40. All over India and the adjoining countries for all articles we manufacture, as regards carpets all over the world.

41. The Indian mills will not be able to meet the modern demand for a more attractive or superior class of goods, unless sufficient protection of the Industry be given, so to enable the manufacturers to install Machinery for higher class articles. Again how you expect to manufacture better articles if the suggestion of imposing a special duty on imported finer wool—which the country does not produce—will take place, and to be in a position to compete with other foreign countries which are giving their industries as much as possible help.

42. The railway freight makes also a big difference in the price of the raw wool.



In our own case we always try to buy raw Indian wool as close as possible in our own province but as this is impossible for all the types of wool we require for the different articles we manufacture, we have naturally to look to other markets too, for instance we are buying at Kalimpong Tibetan wool, the freight from Kalimpong to Amritsar is Rs. 4-8 per maund, and as the wool is greasy it will cost at least an anna per lb. if scoured wool, etc. Now if you are going to make a blanket of 5 lbs. weight, out of this wool, it will cost at least 7 annas more than if we had this type of wool in our province. An Italian blanket coming from Italy to Karachi, and Karachi to Amritsar by railway would not cost more than annas 4 for freight (sea and railway freight).

43. The handloom articles compete favourably as regards price with the mill articles on account of no over head, or very little one, but on the other hand the mill article, is much better finished and more attractive.

44. By replacing the old machinery by new one, we shall have then less stoppage thus increasing the outturn and therefore the cost will be lower.

45. The protection should be for a period of 10 years. The present duty to be doubled. No distinction between admixtures and all-wool goods.

### **All-India Spinners' Association of Srinagar, Kashmir.**

*Letter No. 2888-I., dated the 2nd April 1935, from the Director of Industries and Commerce, His Highness' Government, Jammu and Kashmir, Jammu.*

I have the honour to enclose herewith 6 copies of replies to the questionnaire for Mills (Woollen). The information embodied in the replies has been supplied by the All-India Spinners' Association of Srinagar, Kashmir. Replies are still incomplete. The Manager of the Association is unavoidably away and until he returns to Srinagar, replies to questions No. 21 and others cannot possibly be prepared. This is also the reason why there has been inordinate delay in sending even this incomplete data. He is expected shortly and directly he reaches Srinagar, the requisite information will be prepared and sent.

2. While there are great many small factories scattered all over the valley which manufacture woollens, none other than the factory of All-India Spinners' Association keeps proper accounts from which the necessary data can possibly be compiled. The Association's factory is, however, fully representative of the general position of woollen industry of Kashmir.

3. The organization of the All-India Spinners' Association's factory in respect of the spinning and the weaving operations fundamentally differs from the common mill organisation. With the exception of a few pashmina handlooms installed and worked in the factory building, spinning and weaving is entirely done in the homes of the cottagers. The factory buys the yarn, grades it, dyes it, and hands it over to the cottage weaver together with pattern specifications. Piece dyeing, finishing and all other operations are carried out in the factory buildings at Pampur and Srinagar.

Enclosure.

#### **ALL-INDIA SPINNERS' ASSOCIATION, WOOLLEN FACTORY, SRINAGAR.**

1. (a) In 1928:

(b) Not a limited concern. Total investment in 1928 Rs. 30,000 and in 1934 Rs. 1,50,000.

(c) Balance Sheet from 1928-1934 (will be supplied later on).

(d) No investment in Block Capital. Factory work is done in a rented building. As the work is done on handlooms belonging to the individual weavers, no machinery is employed.

(e) Does not arise.

2. Worsted and woollens (figures separately for worsteds and woollens are not available).

About 7,000 Charkhas and 700 Handlooms.

1928-29—Charkhas 2,000 and handlooms 200.

1933-34—Charkhas 7,000 and handlooms 700.

3. Total capacity 875 lbs. of yarn being calculated at  $\frac{1}{2}$  pound per spindle per day of 9 hours.

4. Since 1928, 8,400 workers.

5. 315,000 lbs. all weaving yarn. Produced and used in approximate proportion of  $\frac{1}{2}$  worsted and  $\frac{1}{2}$  woollen.

6. All used by handloom weavers.

14. (a and b) 336,000 lbs. used by the Cottage Workers

(A) All Kashmir Wool.

15. Does not arise.

16. 1928—As. 13, 1929—As. 12, 1930—As. 12, 1931—As. 11-9, 1932—As. 8-6, 1933—As. 6-6, 1934—As. 6.

17. Shawls, Blankets, Woollen Piecegoods. Not producing any mixture. Details are available from factory.

19. Yarn produced by the Cottage Spinners is exclusively weaving yarn and is used entirely by the cottage weavers; not produced for sale outside the State.

20. (1) Cost of raw material (including cost of scouring) and including "tops" over Rs. 55,000.

(2) Wages of labour (including bonus and all allowances) Rs. 1,62,000.

(3) Supervision charges Rs. 1,284.

(6) Water Rs. 40.

(8) Packing material Rs. 1,003.

(10) Rents over Rs. 1,500.

(11) Insurance over Rs. 200.

(12) (b) Shops over Rs. 1,100.

(14) Depreciation of furniture over Rs. 1,000.

(15) Capital charges Rs. 5,000.

22. (a)  $\frac{1}{16}$  lbs. in case of spinning.

(b)  $\frac{1}{24}$  lbs. in weaving.

23. Does not concern us.

24. No.

25. From Association funds at 3 per cent. interest.

27. Principal portion of the raw material is purchased in the form of yarn from individual women spinners; that is the system in vogue. The factory makes direct purchases. A certain amount of raw wool is also purchased directly from the farmer without the intervention of the middleman.

28. The factory has its own sale shops and depots throughout India. The shops at Srinagar, Pahalgam, Gulmarg and Lahore are managed by the factory itself. The sales Depôts of All-India Spinners' Association numbering over 300 throughout India also act as sales shops for Kashmir woollens. 45 per cent. of the sales are made direct by the shops. 55 per cent. through sales depôts not directly controlled by the factory.

29. (I) No difficulty in recruiting any amount of skilled labour. Yes.

(II) All weavers are male and all spinners female, 10 Spinners can feed a loom at which on the average two weavers work.

(III) Spinner doing piece-work gets about As. 1-6 to As. 4 a day and weaver As. 4 to As. 8 a day.

(IV) (a) Spinning, Weaving, Milling, Embroidery.

(b) Finishing and the like are done on piece-work.

(c) In dyeing department labourers get As. 8 to As. 12 a day.

(V) Standards have been fixed for all classes of goods. The spinners and weavers failing to come up to the standard prescribed do not get full wages. Standard of efficiency has been on the increase. Over 80 per cent. workers now attain this standard.

(VI) Efficiency of the handloom workers is not comparable with machine production.

30. Principal portion of the work is done in the cottage homes.

31. None.

33. In suiting (tweeds), pattedos and blankets and pashmina, mostly from imports.

34. Yes, Shoddy.

35. The Indian wools are wanting in types and quality. Sheep breeding and wool growing along the scientific lines will alone develop the requisite types of sheep capable of yielding the kinds of wool required for each class of woollens. Such development will become possible only when there are prospects for reasonable profit from wool growing. Protection to woollen industry is the sure way of creating interest in the basic industry of sheep-breeding and wool growing, for then the prospects for reasonable return would improve.

36. It has made no appreciable difference.

37. It has produced no beneficial effect so far as the Kashmir handloom industry is concerned.

38. Professor A. F. Barker (Cottage Textile Industries of Kashmir, pages 41-45) describes Kashmir wools as being mixture of too extreme of coarseness and fineness. In his report on Prospective Development of Kashmir as Sheep-breeding and Wool Growing Country, Professor Barker discusses at length the methods by which the desired improvement may be brought about. Among other things, he recommends crossing of selected native ewes with different types of imported rams. Experiment is to go on for a number of years or till positive indications as to adaptability of particular breed or breeds are in evidence. As Kashmir uses largely local wool, any increase in duty will not appreciably affect it. The idea of devoting the proceeds of a duty on imported wool is simply splendid, because unless the breeds are improved, those types of wools which enter in the production of fine varieties of worsted goods, will not be available.

39. It is commonly reported but we have no direct knowledge.

40. State and British India.

41. So far as the Kashmir woollen industry is concerned, increased demand is bound to react favourably in improving the quality of the manufacture, for when the protection is granted the margin of return will increase and it will be possible to take up such preliminary treatments as sorting and grading which it is impossible at present to resort to.

42. High transport charges on goods going out of Kashmir disable the industry to a great extent. If they are lowered, the industry will be in a better position to compete against foreign imports in British India.

So far as the Railway freight is concerned, there does not seem to be any particular disadvantage, but the freight charges between Srinagar and Rawalpindi constitute a great handicap as they are rather excessive owing to non-existence of a Railway line. The charges vary between Rs. 2-4 to Rs. 2-12 per maund.

43. No exact estimates are possible. Mill-made products competition, quality for quality, is adversely affecting the consumption of handloom products.

44. Principal items which will possibly reduce the cost of production will be (1) the increased working efficiency, (2) lower overhead cost, (3) cheaper raw material, and (4) the use of improved spinning and weaving appliances. With the accumulation of manufacturing experience and the quantity of

skilled labour, output per head must increase and reduce the cost of production. When there are sure prospects for economic gains, there is every reason to believe that the large scale production will become common and will lower the overhead cost. Similarly, when wool growing on a large scale has been developed, the cost of raw material will go down to a certain extent. At present the earning of the spinner and the weaver is so low that they cannot think of improving the appliances in use for enhanced output per head. When the expected protection comes, returns are sure to improve and there will be incentive to increase production to realize more and more profit. This will provide sufficient urge to seek refinement in appliances which greatly stand in need of improvement at present. Increased output per head means lower production cost.

45. (i) Both specific and *ad valorem*.

(ii) The rates of duty should be such as to bring wages and prices to level of 1928-29 (further proposal to follow).

(iii) Ten years.

(iv) Tweeds, Puttoo, Shawls, Yarn, Wool.



सत्यमेव जयते

### Questionnaire for Hosiery Manufacturers issued by the Tariff Board.

1. (a) When did your factory start working?
- (b) The capital invested?
- (c) What was the amount of the original block account; what depreciation has been written off, additions made, and what is its book value to-day?
2. Is the factory a private concern or a joint stock company? If the latter, please supply your balance sheets for the last 3 years.
3. (a) Please give a brief description of the plant and equipment of the factory.
- (b) State (i) whether power is used wholly or in part and (ii) number of hands employed.
- (c) What has been the annual number of employees since 1923-24 or the date of beginning work.
4. Please state the principal classes of hosiery goods manufactured by you and the approximate quantity of each class manufactured in each of the last five years, or since the factory started.
5. Please describe your arrangements for the purchase of yarn giving the charges required to be paid to yarn merchants.
6. What are the current prices (i) c.i.f. and (ii) wholesale at which imported hosiery goods (all-wool) comparable with your products are sold in India? Give the average weight in each instance. How does the imported article compare in quality with your own?
7. Is it generally true that the severest competition is felt from foreign goods that are mixtures? Quote the prices of the mixed goods which compete with your own all-wool products.
8. What have been the annual realized prices (*ex-factory*) for your own products which thus compete? Explain the cause of any major variations, showing the extent to which they are due (a) to foreign, (b) to internal competition.
9. (i) Do you have any difficulty in recruiting skilled labour? Can it be obtained locally?
- (ii) What is the proportion of males to females?
- (iii) What is the average wage paid for labour in the different departments?
- (iv) In which department do you pay a daily wage and in which for piece work?
- (v) Do you maintain efficiency standards in the various departments of your Mill? What proportion of your labour on an average attains this standard?
- (vi) How does the standard of efficiency compare with that of any competing country with which you are acquainted?
10. Please prepare a statement giving the total annual expenditure in your factory for the period your factory has worked showing the following items:—
  - (1) Cost of yarn giving counts and quality (crossbred or merino) used.

*Manufacturing costs—*

  - (2) Wages of labour (including bonus and all allowances).
  - (3) Supervision charges and office expenses.

- (4) Power, fuel and light.
- (5) Stores including needles.
- (6) Water.
- (7) Repairs and maintenance.
- (8) Packing.
- (9) Any other expenses.

*Total Manufacturing costs.*

*Deduct the value of waste raw material recovered.*

*Net total manufacturing cost.*

*Overheads—*

- (10) Rents, rates and taxes (excluding Income-tax).
- (11) Insurance.
- (12) Selling expenses showing separately expenses of sale through (a) agents, (b) shops.
- (13) Agent's commission and office allowance, if any.
- (14) Depreciation.
- (15) Capital charges.

*Total expenditure.*

11. Show how you allocate these charges to the articles referred to in your answer to question 8.

12. What is the maximum capacity of your factory?

13. Please state the quantity of (i) Indian spun and (ii) imported hosiery yarn (giving country of origin) purchased annually by you in the last 5 years showing crossbred and merino qualities separately and the prices paid for the various counts.

14. What are the rates of depreciation allowed by the Income-tax authorities? Do you consider these rates reasonable? What are the rates usually provided in your accounts for depreciation of (a) buildings, (b) machinery?

15. What has been the effect of the successive increases of duty since 1931 on your sales and realized prices?

16. To what extent has the specific minimum duty assisted your industry?

17. In what articles have you met with the most severe competition from (a) foreign imports, (b) other Indian factories?

18. Please state the percentage of wastage (a) of yarn in the knitting process and (b) cloth in tailoring process and its market value.

19. How is your working capital provided and what rate of interest is debited to the cost of manufacture?

20. To what extent does the element of railway freight disadvantage, if at all, enter into the question of foreign competition whether in connection with raw material or finished goods? Illustrate your answer by reference to the situation of your own factory giving actual freight charges.

21. A limited period of protection can only be successful (and the interests of consumers can only be secured) if it is accompanied by continued improvements in method and reductions in the cost of production. In your opinion in what directions are these improvements and reductions to be looked for? Please give such details as you can and the economies you estimate to be possible in a reasonable period.

22. If you consider that protection should be given, please give your opinion—

- (i) of the form it should take,
- (ii) the rates required,
- (iii) the period for which it should be imposed,
- (iv) and the imported goods on which the rates should be levied.

23. To what extent can you obtain in India the machinery or parts of machinery required for the manufacture of hosiery goods?

24. How do you dispose of your finished goods? What is your chief market?

25. During how many months of the year is your factory (a) in full working, (b) part working, (c) engaged in manufactures other than woollen? If you engage in manufactures other than woollen, explain how you distribute your overhead charges.



सत्यमेव जयते

## N. Bose's Belegkata Hosiery, Limited, Calcutta.

*Letter dated the 1st March, 1935.*

Calculations of the cost of making Woollen Pullovers, in our Factory in different heads as under, on a basis of 12 lbs. weighed Pullovers, including wastages, winding, and cutting, etc., and the ready weight of such finished garments is based on 9 to 10 lbs. per dozen.

The following charges have been calculated on the basis of a daily production of 5 dozens, i.e., 125 dozens monthly, or 1,500 dozens, annually, with a capital of Rs. 1,00,000 (One Lac) only.

The present price of Woollen Yarns Counts 2/40s is:—

(A) 4s. 2d. (c.i.f. Calcutta) per lb. Soft Merino Quality, which at the present rate of exchange comes to Rs. 2-12-4-4 per lb., with custom duty and clearing charges the price will come up to Rs. 3-11-4-4 (the custom duty and the clearing expenses being As. 15 at the average). Wool N. W. K., Berlin.

(B) Indian Woollen Yarns, of Indian Woollen Mills, Bombay, counts 2/40s on hanks, quality 4309 at Rs. 3-12 per lb. nett in 1934 June.

(C) Japanese Woollen Yarns, present rate at Re. 1-8 per lb. c.i.f. plus duty and clearing expenses, at As. 9 per lb., the total price comes up to Rs. 2-10 only.

Calculating on the basis of the cheapest materials, i.e., item No. (C) the cost of Yarns, in manufacturing 12 lbs. weighed Pullovers, comes to Rs. 24-12 as per dozen of articles. It may be reminded that the rate last year for the same quality was Rs. 3-3-6 per lb. and in calculating at that basis, the price of Yarns comes to Rs. 33-10—

	Per dozen.
	Rs. A. P.
1. Dyeing Charges of 12 lbs. including dyestuffs at As. 4 per lb. . . . .	3 0 0
2. Other Materials—	
(i) Sewing thread . . . . .	0 6 0
(ii) Tape . . . . .	0 6 0
(iii) Neck Label . . . . .	0 6 0
(iv) Size Cards . . . . .	0 1 0
(v) Cartoon Boxes . . . . .	0 12 0
3. Labour Charges—	
(i) Winding at As. 1-6 per lb. . . . .	1 2 0
(ii) Knitting at As. 2 per lb. . . . .	1 8 0
(iii) Cutting . . . . .	0 12 0
(iv) Sewing . . . . .	2 0 0
(v) Finishing . . . . .	1 0 0
(vi) Packing . . . . .	0 3 0
4. Power and Fuel . . . . .	0 8 0
5. Repairing and maintenance . . . . .	1 0 0
6. Supervision, Office Expenses (including rent) . . . . .	3 0 0
7. Packing, Selling Expenses and Commission . . . . .	7 0 0
8. Miscellaneous . . . . .	2 0 0
9. Interest on Rs. 1,00,000 for a year at 9 per cent. . . . .	6 0 0
10. Depreciation on Block Account of Rs. 30,000 at 10 per cent., i.e., Rs. 3,000 . . . . .	2 0 0



Now the cost of making charges and the cost of Yarns come to (Rs. 38-1 plus Rs. 32-10) Rs. 71-4 per dozen, and if 10 per cent. profit be added the fair selling price per dozen comes to Rs. 78-6.

A further addition of Rs. 9 on the above price should be made in view of the fact that spoilt goods are to be sold next year at 25 per cent. less than the actual price. Therefore the proper price should be Rs. 87-6.

Owing to Japanese competition our goods have to be sold at Rs. 55 per dozen, at an average.

The present custom duty on Woollen Garments is 35 per cent. so if it be raised to 125 per cent. we may be in a position to compete with the Japanese Garments. The c.i.f. price of the same quality of Japanese goods, but weighing little less, i.e., 8 lbs. finished goods, is Yen 24, at the present rate of Yarns, which come to Rs. 19-8, custom duty and clearing charges and other charges, added, the price comes to Rs. 26-8 the clearing and other charges being assessed at Rs. 7 only. To the price if the importer's profit be added, say at 15 per cent. it comes to Rs. 33 only.

Further in closing we may state also, that the above calculations have been on the basis of the cheapest item, and in case of better stuffs, e.g., when prepared from Indian Woollen Yarns, as per Head "B" the duty should have to be raised to a much higher figure in order to enable us to compete successfully with Japanese Woollen Garments.

The figures are given so far as could be gathered by us from an average.

### Kapoor Hosiery Factory, Limited, Calcutta.

*Letter dated the 1st March, 1935.*

#### REPLIES TO QUESTIONNAIRE.

1. (a) Our Factory started working from 1929 but was registered as Private Limited Company in 1931.

(b) The capital invested, including the working capital is about two lacs of Rupees.

(c) The present book value of the block account, i.e., of building machinery, preliminary expenses, tools and plant, electric installation after writing off depreciation is about Rs. 46,000 only.

2. Our Factory is a Private Limited Company.

3. (a) Following is a brief description of the plant and equipment at our Factory:—

(i) *Knitting department.*—12 Circular knitting machines for making cotton plain knitted fabric.

7 Circular knitting machines for making woollen fabric from which are made cardigans, and pullovers, etc.

4 Flat machines for producing fancy woollen pullovers, etc.

(ii) *Winding Department.*—2 Winding machines (Power driven) with different number of spindles for winding yarn from hanks on to bobbins.

(iii) *Bleaching, Calendering and dyeing.*—A boiler, one calendering machine and a set of vats for dyeing.

(iv) *Sewing Department.*—We have got 17 sewing machines of various types for different kinds of stitching work. They all work on power benches and are power driven.

We have also got twisting and raising machines.

(b) (i) Electric Power is used which is supplied by the Calcutta Electric Supply Company, Limited.

(c) The number of workmen in 1929 was about 30 hands and it was increased to 150 in the year 1932 and is about 100 at the present.

4. The principal classes of woollen hosiery goods made at our Factory are cardigans, and pullovers, etc. The quantity of woollen pullovers, etc., and cotton vests manufactured between 1931 to 1934 is as following:—

	Woollen goods.	Cotton & Silk vests.
	Dozens.	Dozens.
1931 . . . . .	823	4,511
1932 . . . . .	2,745	9,535
1933 . . . . .	1,524	6,251
1934 . . . . .	827	15,793

5. We import woollen yarn direct from England and Japan and in some cases we also buy from local importers.

	Rs. A.
6. The c.i.f. value of Japanese woollen pullovers in 1934 of the finished weight of about 7½ lbs. was about yen 25 per dozen which at exchange of Rs. 78 per 100 yen is . . . . .	19 8
Duty on 7½ lbs. at Re. 1-2 per lb. is . . . . .	8 7
Landed cost . . . . .	...

---

27 15

	lbs. ozs.
The weight of our finished article is . . . . .	8 8
Knitting, cutting and sewing waste at 25 per cent. . . . .	2 2

---

Woollen yarn of count 2/32 required is . . . . . 10 10

	Rs. A.
So the cost of woollen yarn 2/32 at yen 2-35 per lb. is yen 25-29 at exchange Rs. 78 . . . . .	19 12
Duty on Rs. 19-12 at 30 per cent. . . . .	6 9

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26 5

*Other charges—*

(a) Dyeing 10 lbs. 10 ozs. at As. 4 per lb. . . . .	2 11
(b) Winding 10 lbs. 10 ozs. at As. 1-6 per lb. . . . .	1 0
Knitting 10 lbs. 10 ozs. at As. 4 per lb. . . . .	1 6
Cutting per dozen at As. 8 per lb. . . . .	0 8
Sewing per dozen at Re. 1 . . . . .	1 0
Finishing, etc., per dozen at Re. 1 . . . . .	1 0
Packing at As. 3 . . . . .	0 3
(c) Buttons 5 dozens . . . . .	0 10
Boxes . . . . .	0 12
Cloth labels and size cards, etc. . . . .	0 5
Needles and parts . . . . .	0 8
(d) Power and Fuel . . . . .	0 8
(e) Repairs and maintenance . . . . .	0 8
(f) Supervision and office establishment, etc. . . . .	2 0

	Rs. a.
(g) Insurance . . . . .	0 6
(h) Miscellaneous . . . . .	0 8
(i) Interest . . . . .	2 0
(j) Depreciation . . . . .	1 8
	<hr/> 17 5
	43 10
Selling expenses at 6½ per cent. . . . .	2 10
	<hr/> 46 4
The present price of the same quality from Japan now is yen 21-5 which comes to exchange at Rs. 77-4 is .	16 9
Duty on 7½ lbs. at Re. 1-2 per lb. . . . .	8 7
	<hr/> 25 0

Our quality is better than that of Japanese imported articles.

7. Yes, the competition from foreign goods that are mixture is also severe and compete with our all wool products. The c.i.f. price of such article is about yen 15-50.

8. The realized prices *ex-factory* for our representative quality was Rs. 40 whose bare cost of production is Rs. 46-4 without any profit. Even at this price, we could sell only 40 per cent. of our output in 1934 although our capacity for production of woollen hosiery is 10,000 dozens valuing Rs. 4,00,000 but owing to competition we could make only 827 dozens. So if we wanted to sell the whole quantity we should have reduced the prices somewhere about Rs. 30. This competition is mainly due to Japanese imports.

9. (i) There are so many difficulties in getting skilled labourers as they cannot be easily got and they have to be trained before they can be utilized. Still as the industry has increased they can be got now and even locally otherwise they have to be got from Punjab where this industry has already sufficiently increased. The woollen manufacturing work remains only for 5 months, the labourers are discharged and again while recruiting for the next season, very many difficulties are experienced but if As. 12 per lb. duty is levied on cotton apparels just like vests, we can manufacture cotton pullovers, etc., from the very these machines and they can be employed throughout the year. At present the duty on cotton pullovers is only 35 per cent. which makes us impossible to compete with Japanese pullovers. The result of their being employed will be two fold. One that their efficiency will increase and secondly the unemployment question to a little extent will be also solved and the money which is drained out every year will remain in our country and many other smaller factories such as card board boxes manufacturing concerns will flourish. Our overhead charges will also come down so naturally our cost of production too will be much lowered.

(ii) We employ only male workers.

(iii) The average wages paid to the workmen are from As. 12 to Re. 1 per day.

(iv) We pay our workmen on monthly system.

(v) We cannot maintain efficiency standards as it is very difficult to get even one labourer at our standard and then the cost will also increase.

(vi) The foreign labour particularly of Japan is very efficient because of various reasons. Firstly they are trained in institutions where they attain efficiency on account of their Government help, who have opened many industrial schools and colleges and support them. Unfortunately our local

Governments and central Government have not cared to either start such industrial schools or made it compulsory to study any industrial subject in schools and colleges; if they can allot money for such industrial schools and colleges to the Provincial Governments, these difficulties of efficient labour can be overcome.

10 & 11. The statement as asked for in these paragraphs are given to and shown in reply to your question 6.

12. Our capacity of manufacture of woolen garments is 30 dozens daily.

14. The rate of depreciation allowed by the Income-tax authorities are as following:—

	Per cent.
Building . . . . .	10
Machinery . . . . .	5
Tools and plant . . . . .	5
Furniture . . . . .	5
Electric installation . . . . .	7½

In our opinion the depreciation should be 10 per cent. on machinery, etc.

15. There has been a little improvement on account of Re. 1-2 per lb. specific duty and no improvement in our realized prices.

16. This specific duty has assisted us only to an extent of 15 per cent. in addition to 35 per cent.

17. The most severe competition is from Japan in Woolen garments and cotton apparels.

18. Percentage of wastage is as follows:—

	Per cent.
Winding and knitting . . . . .	5
Cutting . . . . .	15
Sewing . . . . .	5

The market value of the waste is Rs. 5 per maund to Rs. 8 per maund.

19. Our working capital is financed by the chairman of Board of Directors who is practically the owner of this Factory and we pay 7½ per cent. interest over the loans thus taken from him.

20. The railway freight and steamer freight in our country is so high that it pays and sells cheaper for Japanese imported articles from Japan into Bombay than if they are supplied to the Bombay market from Calcutta. The goods supplied to up countries, i.e., the Punjab, etc., at the present Railway freight is so high that we cannot sell there in competition to goods manufactured there and so we suggest the railway freight may be reduced to 50 per cent. for the Factories.

21. Yes, the cost of production can be reduced by 2½ per cent. to 5 per cent. every year provided the Government starts practical training to labourers by opening industrial institutions all over the country thus the labourers turned out will be efficient and naturally the work done by such trained labourers will be more efficiently and economical, at the same time, it is also to be seen that these machines which manufacture woollen garments are kept busy throughout the year in manufacturing cotton apparels if the specific duty of As. 12 per lb. is levied on imported articles from Japan. It is not to be forgotten and that as soon as protection is given the factories will increase and this industry will expand like anything, which will mean a little inner competition and thus the goods will be sold cheaper and the consumers' interest will not be clashed and ultimately they will get cheaper goods but much better and durable goods and more so manufactured in their own country which will give relief to the unemployed and many smaller industries.

22. We are therefore of opinion that protection should be given.

(i) By levying a protective duty on foreign manufactured goods imported in India.

(ii) The rates as mentioned below.

(iii) The protection should be for a minimum period of 12 years.

(iv) Woollen apparel, other hosiery goods (mufflers, socks, and stocking), woollen shawls, etc., knitted or embroidered.

Whether made of 100 per cent. wool or mixtures Rs. 2 per lb. by weight or 50 per cent. whichever is high, cotton apparel and any goods made from cotton knitted fabrics same duty as for cotton knitted fabric, namely:— 12 annas per lb. on 50 per cent. whichever is high, 60 per cent. on imported woollen yarn.

23. The machinery and its parts are imported from foreign countries but some inferior and smaller machines are built in Punjab and if the protection is granted, it is quite possible people will begin to build machines in India on a higher scale.

24. We sell our finished goods mostly in Calcutta and also in other markets of India but owing to competition of Japanese imported goods, we cannot sell in larger lots.

25. Our factory is fully working for making wollen goods for about 5 months to 6 months in the year (h) for two months it works partly for making such goods (c) and for throughout the year we manufacture cotton vests. We have explained above how we have distributed the overhead charges, etc.

### **Hosiery Manufacturers' Association, Bengal, Calcutta.**

*Letter dated the 30th April, 1935.*

In pursuance of the desire of the Tariff Board as expressed during the oral examination of Mr. G. N. Kapoor and myself in connection with the enquiry into the conditions of Indian Woollen Hosiery Industry on Monday, the 25th March, 1935, I have the honour to append below a written statement which will furnish the necessary informations and clarify incidentally some of the crucial points that were raised during the evidence.

#### **OUT-PUT OF WOOLLEN HOSIERY IN BENGAL.**

It has been explained before that owing to the absence of statistical records it is not possible to know the actual output of Bengal Factories.

It is possible, however, to find out an approximate figure of production by calculating the number of machines and their capacity and then making an allowance for the restricted output owing to depressed condition of the market due to various reasons.

Cottage industry consists of about 100 factories, each factory containing about 5 machines on an average. Taking an average production of 4 dozens of plain socks and 2 dozens of cycle hose on 5 machines a day, the daily output in weight per factory would be 18 lbs. Then the production in 6 months, taking 25 working days in a month would be  $(18 \times 25 \times 6)$  2,700 lbs. The total of 100 factories would be about 270,000 lbs.

But as most of the factories are now making woollen goods only 4 months in the year, and some are using cotton yarn throughout the year while some machines are kept idle, the total output of cottage factories in woollen goods in 6 months is approximately about 120,000 lbs. value of which is Rs. 4,80,000.

Power section of the Bengal industry consists of about 50 factories. All of these factories are equipped with five gauge knitting machines having 18 needles to 24 needles to an inch which are suitable for making light weight cotton fabrics.

Out of those 50 factories there are about 10 factories where light weight woollen fabrics are made during winter season on the same machines, which are used for manufacturing cotton fabrics for the rest of the year. If the demand for these light woollen goods increases, all the 50 factories can manufacture them on their existing plants.

Out of these 10 factories there are about 5 factories in which regular woollen departments have been started by erecting coarser gauge machines with 6 needles to 10 needles in an inch, which are specially equipped for knitting jacquard fabrics suitable for making pullovers, cardigans, etc. So in these factories coarser gauge machines have been erected in addition to the finer gauge machines, the former being specially suitable for heavier goods of jacquard fabric both from woollen and cotton yarn and the yarn the latter for light fabrics.

There is one power factory in which only coarser gauge machine suitable for making heavier goods of pullover type have been erected.

In considering the output of woollen goods in power factories it should be noted that the demand for lighter goods made on finer machines is very United and that the heavier section is by far the more important. Taking the full capacity of the machines for making heavier goods and the present output in lighter goods the total output of woollen goods in power factories would be more than two lacs pounds. But as few factories work in their full capacity and many machines are kept idle the present production would be about 100,000 lbs. the value of which would be Rs. 6,00,000.

#### MIXTURE OF COTTON AND WOOL IN THE SPINNING PROCESS.

During my evidence I had occasion to describe a particular class of imported mixtures as Union, in which cotton and wool fibres were stated to have been mixed in the process of spinning and I was asked to submit samples of such imported goods. Since my return to Calcutta I have tried many shops but could not find one. The cold season being over long since most of the dealers have exhausted their stock and the surplus stock has been packed up and removed to store rooms. Some of the dealers have promised to re-open their packages and find out such a sample if any, I will send it to you as soon as I find one. Most of the dealers asserted that there is a class of mixtures which is different from what has been described as plated. They can only distinguish it from all wool goods by the difference in price. In some of the imported goods from Europe a label is attached to the article describing "All-Wool" or "Pure Wool". But there are other goods which are neither so marked nor are plated goods and are sold at a much cheaper price. There are some imported goods from Europe again in which "Cotton and Wool" are printed on the box but these are not plated goods.

In the meantime I will quote some authorities to show that the process of mixing cotton and wool fibres in spinning is a recognised process and has been in use for a long time.

On page 16, line 7 of "Knitted Fabrics" by J. Chamberlain and J. H. Quilter published by Sir Isaac Pitman and Sons, Ltd., of London, in 1924 it is stated:—

"Cotton is also used largely in the production of mixed cotton and wool yarns which are sold under the names of Union, Cordon and Merino yarns."

The following quotation from John Chamberlain, F. T. I., has been supplied by Mr. M. B. Mazumdar. A copy of his letter addressed to me is given in Appendix A. I may add for your information that Mr. Mazumdar who received regular courses of training on hosiery manufacture in Leicester University and in Germany, is regarded here as an expert in this line and is recognised by the Director of Industries of Bengal as such.

"Union.—When loose wool and cotton are blended and spun together the product is known as union yarn. Cotton spinning machinery is employed and consequently these yarns are numbered on the English Cotton System."

### EXPECTED ECONOMIES UNDER PROTECTION.

If the industry is protected sufficiently to assure a continuous running of the factories throughout the year then considerable economies are expected in the processes of manufacture. The present seasonal nature of the factories accounts for higher costs in many important items of manufacture. Breach in the continuity of work affects the efficiency of labour considerably while much of the overhead charges remains constant throughout the year although the factory or the woollen department remains closed for 6 to 8 months in the year.

It is estimated that aggregate costs in all principal items of manufacture, viz., dying, winding, knitting, cutting sewing, ironing, power, supervision, establishment, interest and depreciation would be reduced by about 20 per cent. But this will take some time, which may extend to some years for adjustment.

### CONDITIONS PRECEDENT TO SUCH ECONOMIES.

It is obvious that the consummation of the economies estimated above will largely depend on the nature and extent of protection to be granted to the industry.

It is essential that following points should be given very careful consideration in this connection which have been glanced from written representations and oral evidence and have been arranged together and explained for the convenience of the Board.

#### (1) *Protective duty on Cotton Pullovers, etc.*

Due to the nature of the climatic conditions and changeful seasons in India it has been found that the demand for woollen goods are seasonal and that in order to keep the woollen factories or woollen departments in hosiery factories fully engaged throughout the year, which is essential for keeping down costs, it is necessary that they should manufacture cotton pullovers, etc., during off-seasons. But owing to the imported cotton pullovers, etc., being excluded from the protective list, viz., items Nos. 51 (2) and 51 (3) of the first schedule of the Indian Customs Tariff they not only make it unremunerative for the Indian manufacturers to make them during summer and stock them for sale during winter but also they compete with the Indian woollen knitted goods. Cotton pullovers, etc., being regarded as outer garments [and not "undervests" as defined in item No. 51 (2)] are placed under item No. 52 of the same schedule which provides for a lower duty on a revenue basis.

All cotton knitted apparel or garments should be placed under item No. 51 (3) of the same schedule which provides for a protective duty on cotton knitted fabrics, from which these garments are made.

#### (2) *Protective duty on knitted goods of wool and mixtures.*

In finding out the measure of protection it is necessary to compare the c.i.f. price and the cost of manufacture of comparable or representative qualities of imported and Indian manufactures respectively, with a view to determine the difference in their value. The following three important points should be given due consideration in this connection:—

- (A) Comparable qualities.
- (B) Standard cost of a representative Indian quality.
- (C) Protection of Indian Woollen yarn.

(A) Comparable or representative qualities do not necessarily mean that they will agree in all details of specifications. On the contrary it has been found that Indian products of superior quality are being competed with by the inferior qualities of Japanese imports. Difference in quality in this case constitutes (a) Variation in weight and (b) diversity in the composition of the material.

(a) It has been found that demand for lighter goods is increasing and it has been explained that lighter goods are wanted more not because of their lightness but because of their cheapness.

With the exception of a few high class buyers who would prefer a lighter material made of superior quality pure wool, the general body of consumer would like to have heavier materials if they are within their means. Taking advantage of the depressed condition of the market and low purchasing power of the people—goods of lighter weight are imported so that they may be sold at a competitive price. If the protective duty is not sufficiently high the weight of imported goods would be reduced further, in order to nullify the effects of protection.

On the other hand if the purchasing power of the people improves which is expected as a result of the vigorous efforts by the Government of Bengal in reducing the area of jute cultivation and encouraging the cultivation of more remunerative substitute crops the demand for heavier goods may revive. But even then the lighter imported goods would continue to compete with the heavier Indian goods if an allowance for the difference in weight is not provided for in the measure of protection.

The principle of allowing for the difference in weight was recognised and recommended by the Tariff Board in 1932 in connection with the Protection of the Indian Cotton Hosiery Industry. They recommended a specific duty of Rs. 1-8 per dozen. But the Report states (page 179, line 33) that "If the duty is levied on the basis of weight, allowance will have to be made for the difference in weight between comparable qualities of Indian and Japanese goods. We understand that the imported goods often weigh not more than two-thirds of the weight of the Indian manufactures with which they compete. Thus Indian goods weighing 3 pounds a dozen have to compete with imported goods whose average weight will not be more than 2 pounds a dozen. To afford adequate protection it will therefore be necessary to fix the duty per pound sufficiently high to cover the difference". This recommendation was accepted by the Government of India and the Legislative Assembly when they passed the two successive Tariff Bills in 1934, one providing for duty on quantity and the other on the basis of weight.

(b) It has been found that the imported mixtures and cotton goods compete with Indian Woollen products (Cotton goods have been dealt with before). The main feature in the competition between the all-wool and the mixtures is that the latter resembles the former in design and finish but is mostly deceptive as to the real nature of its composition.

This aspect of the competition was recognised by the Government of India and the Legislature when they passed the Tariff Amendment Act in 1934 with the object of assisting the woollen hosiery industry along with other industries against the effect of the depreciation of the Yen.

Unlike woven fabrics, where a higher rate of duty has been provided for fabrics containing more than 90 per cent. of wool [item No. 48 (2) of the First Schedule of the Indian Customs Tariff] and a much lower rate for mixtures containing less than 90 per cent. wool [item No. 48 (6) of the same schedule], a uniform rate is applicable to mixtures and all wool in case of hosiery.

Item No. 51 (1) of the First Schedule of the Indian Customs Tariff provides same duty for woollen goods as well as for mixtures containing as high as 85 per cent. of cotton by weight.

But even after the application of the same rate of duty, great difference in price between the imported mixtures and Indian Woollen products will continue to exist. After protection the import of mixtures will increase in volume. While on the one hand the practice of deception on unwary consumers would increase the intended protection of Indian Industry would be in Jeopardy on the other.



There are two alternative courses by which such undesirable effects may be prevented.

In the first place the rate of duty on mixtures might be put at a higher level than that on all-wool imports so that the selling price of mixtures would be raised to the level of all-wool duty paid price.

But this course has the objection of putting a burden on such consumers who would knowingly buy mixtures at a cheaper price as they cannot afford to buy all-wool goods at a higher price.

On the other hand the majority of the consumers requires to be protected against the fraud of passing of a mixture as a pure wool product. Excepting the imports from United Kingdom and a few continental countries most of the imports do not bear any marks by which the country of origin may be known or mixtures may be distinguished from pure wool.

The second course, that would obviate the difficulties explained above, is the modification of the Indian Merchandise Marks Act of 1889 in such a way as to make it obligatory on foreign makers to affix a mark, giving the name of the country of origin and describing the percentage of wool and cotton, on the material itself in a manner that would not allow the mark to be effaced easily, *viz.*, by stitching an woven label on the garment itself.

(B) *Standard cost of a representative Indian quality.*—It has been found that manufacturing costs differ with different designs and qualities.

(a) Tailoring costs of Slipovers, Pullovers and Coats will vary considerably even if they are made from the same material.

(b) Tailoring costs of same design such as Pullover will vary with the weight of the material.

(c) Tailoring costs of same design will vary with the nature of the seams employed. A garment made on overlock machines would cost higher than the one made on chain stitch machine. The cost of a garment would be still higher if the overlock stitches are reinforced by stay tapes and hand stitches.

(d) A superior grade fabric made from a superior grade yarn often requires very careful winding of yarn. Either the yarn is wound very slowly or the winding process is repeated, first from hanks to bobbins and then from bobbins which gives a flawless fabric on the knitting machines.

(e) Hosiery industry being essentially a small scale industry it is not possible to find a standard scale of costs that would apply to all the factories. Personal supervision of the proprietor or manager in some factory may account for lower cost in a factory than another where they are under paid supervisors. Besides there is no standard scale of pay for different classes of operatives. So the lower costs of some items in a particular factory do not mean that they are standard costs nor higher costs of those items in another factory necessarily mean uneconomically high.

(f) There are different grades of superior qualities, in which the costs will differ. Closer and more careful the supervision, lower the output and higher is the cost. Selling expenses of superior qualities are necessarily higher as they have to be distributed far and wide in order to reach the more discriminative buyers. Even the superior qualities are not free from the effect of the competition of Japanese imports. Cheap imports affect and damage the morale of the market. Each successive higher grade is compared with the next lower grade and thus the whole range of local products suffers when an inordinately cheap import in the same line gets sufficient publicity in the local market.

An examination of the imported goods also will reveal that there are variation in prices. A list of Japanese woollen goods with c.i.f. prices of 1934 is given in Appendix B for the information of the Board.

It will be seen that in some cases prices increase with weight. But in others it is reverse. It must be due to other causes as explained above.

It is evident therefore that the lowest cost found by the Board should not be taken as the standard cost of Indian article. The average costs, on which the measure of Protection should be calculated, must be based on all the representative Indian qualities.

I may add that my Association had submitted actual costs of two power factories, for Pullovers, etc., and of one cottage factory for socks. They were not average figures based on guess work.

(C) *Protection of Indian Woollen Yarn.*—This question has always proved a dilemma to the members of my Association. While on the one hand the Indian spinners should in all fairness get the necessary protection against cheap imports, which seems essential for their growth and development, on the other hand their number is so few and the demand for woollen yarn is so limited that a necessary condition of internal competition seems lacking. It appears as if such a protection would prove a permanent fetter to the subsidiary industries.

My Association, however, left the question entirely with the Tariff Board for their decision, consequently I had to make conditional statements on this issue during the oral evidence. If the Board, with their better knowledge of the conditions of the Indian Spinning Industry, see their way to come to a decision in favour of protection, which I shall be only too glad to welcome, then the following points should be given due consideration in connection with the question of protection of hosiery.

(a) *Counter-vailing duty.*—The amounts of duties for protection claimed in the written statement of the Association dated the 5th March, 1935, had been calculated on the cost of Indian Manufactures based on the Japanese yarn. It is obvious that the manufacturing costs of Indian factories would be raised per pound of gross weight of the material by the amount of duty on yarn to be fixed by the Board. So an additional duty will be necessary to counteract the increased cost of production of the local manufactures, particularly because the cost of Indian yarn is not expected to come down to the level of Japanese yarn, in the near future.

(b) *Competition by Indian Woollen Mills having Hosiery Departments.*—It has been explained during oral evidence that the mills have no special advantage over the smaller factories owing both to the processes of manufacture of knitted goods and the peculiar nature of their market. But from the trend of questions by some members of the Board they appeared to be anxious to know as to how the interests of the smaller factories would be protected in case the protection of yarn exposes them to competition by Mills. It is likely that this state of things may arise, which will largely depend on the attitude of the mills towards the smaller factories. If there are any reasons for the Board to believe that such a contingency may arise by virtue of the mills being placed in the monopolistic position of supplying yarns to smaller factories and manufacturing hosiery themselves, then the interests of the smaller factories may be adequately safeguarded by levying an excise duty on the hosiery departments of the mills, the amount of which would be sufficient to compensate the difference in selling price of the mills and the cost of other factories.

(c) *Competition by imports from United Kingdom.*—Ordinarily the British makers of hosiery have the following direct or indirect advantages over the Indian makers:—

- (1) The English industry having established long ago and having a good and steady home market and is much more efficient than the Indian Industry.
- (2) The Rupee being linked to the Sterling at a fixed ratio of 1s. 6d. to a rupee the advantage of exchange goes to their favour to the extent of 12½ per cent.

(3) The Indian makers have to pay the following import duties for their stores which are mostly indigenous in their case:—

Needles 10 per cent. *ad valorem*.  
 Parts 10 per cent. *ad valorem*.  
 Sewing threads  $1\frac{1}{2}$  or  $1\frac{3}{4}$  annas per lb.  
 Woven labels 35 per cent. *ad valorem*.  
 Dyes 25 per cent. *ad valorem*.  
 Chemicals 30 per cent. *ad valorem*.  
 Lubricating oils 2 annas 6 pies per Imperial gallon.  
 Lubricating Glease 25 per cent. *ad valorem*.  
 Beltings  $6\frac{1}{2}$  per cent. *ad valorem*.  
 Straw boards 25 per cent. *ad valorem*.  
 Glazed and poster papers used for wrapping carton boxes 30 per cent. *ad valorem*.  
 Buttons 30 per cent. *ad valorem*.  
 Mechanical fasteners 30 per cent. *ad valorem*.

All these factors that go to their favour have been calculated to have given them a net advantage of 35 per cent. over the Indian Manufacturers as has been stated in our written representation of the 5th March, 1935.

But the present duty is only 25 per cent. *ad valorem* and that is only a revenue duty which may be reduced any time or remove altogether. Considering the strong hold the British goods had on the Indian market only a few years back and the stimulus of renewed imports that they will receive after the expected removal of Japanese competition under the new duties, it is essential for the interest of the Indian Manufacturers of woollen hosiery that the new duty on imports of woollen hosiery from United Kingdom should be placed on a protective basis.

Under the new duties on yarn the local manufacturers have to fall back upon Indian yarns that will raise their cost per pound of gross weight of their product as has been explained before.

An additional duty on English goods therefore sufficient to cover the increased cost of Indian goods consequent upon protection of yarn, will be necessary to protect them against English imports.

I may add that a protective duty on knitted fabric, composed of all wool or mixture of wool and cotton and (or) any other fibre of any proportion, may be recommended to make the proposed protection of Indian Woollen Hosiery Industry effective as in the case of Protection of Indian Cotton Hosiery Industry. The measure of protection should be the same as that on knitted goods of wool and mixtures.

#### APPENDIX A.

Agents—	True Copy.	131-D, Cornwallis Street,
Schubert & Salzer Maschi-	M. B. Majumdar,	Calcutta.
nenfabrik Chemnitz	Textile Machinist.	15th April, 1935.
Germany.		

Telegrams:—  
 Selfacting, Calcutta.

To  
 The Secretary,  
 Hosiery Manufacturers' Association,  
 Calcutta.

Dear Sir,

With reference to your valued enquiry, I beg to let you know that "Union" is generally known to be a single strand of yarn which is spun

with a mixture of cotton and wool. In the second volume of the text book of the manufacture of hosiery and knitted goods, as published by the Textile Trades Advisory Committee of the Leicester College of Arts and Technology it is defined as follows:—

“*Union*.—When loose wool and cotton are blended and spun together the product is known as a union yarn. Cotton spinning machinery is employed and consequently these yarns are numbered on the English Cotton System.” (Text Book, Volume II, page 50, by John Chamberlain, F. T. I.)

I hope the above will be sufficient to prove that Union is really a single strand of yarn spun with a mixture of wool and cotton.

Yours faithfully,  
(Sd.) M. B. Majumdar.

## APPENDIX B.

*Price list of Japanese Woollen Knitted goods in 1934 (Woollen Pullovers, Slipovers and Gardigans).*

Sizes.	Weight in lb.	C.I.F. Prices.	Approximate value.	Value per lb.
18" to 20"	1½	5' 25 Yen. + 7½ per cent. Freight.	Rs. 4-1-0 + As. 4-6 = Rs. 4-0-0.	Rs. 3-0-0.
18" to 22"	2½	10' 83 Yen. — 3 per cent. Return Comm.	Rs. 8-8-0 — As. 6-3 = Rs. 9-1-0.	Rs. 3-3-0.
18" to 22"	3½	15 Yen. — 5 per cent. Return Comm.	Rs. 11-12-0 — As. 9-0 = Rs. 11-3-0.	Rs. 3-3-0.
18" to 22"	4½	18 Yen. — 5 per cent. Return Comm.	Rs. 14-0-0 — As. 10-8 = Rs. 13-5-6.	Rs. 3-0-0.
18" to 22"	3	13' 83 Yen. + 7½ per cent. Freight.	Rs. 10-0-0 + As. 11-0 = Rs. 10-11-0.	Rs. 3-0-0.
24" to 28"	5	19 Yen. + 6 per cent. Freight.	Rs. 14-13-0 + As. 14-0 = Rs. 15-11-0.	Rs. 3-2-6.
24" to 28"	3-8 oz.	11' 87 Yen. + 8½ per cent. Freight.	Rs. 8-14-0 + As. 11-8 = Rs. 9-9-3.	Rs. 2-12-0.
30" to 34"	7½	28 Yen. + 6 per cent. Freight.	Rs. 21-14-0 + Rs. 1-12-0 = Rs. 23-10-0.	Rs. 3-0-0.

## Hosiery Manufacturers' Association, Ludhiana.

(1) Letter dated the 20th March, 1935.

I have the honour to enclose herewith the replies to the “Questionnaire for Hosiery Manufacturers” as drafted in specially convened meeting of my association, held on the 16th instant, together with a memorandum relating to the same.

It will not be out of point to mention that the replies given by my association are wholly corroborated by the individual members and that is why you are not receiving replies from them individually.

I believe the replies will receive the favourable consideration at the hands of the Board, specially so, because our members, one and all, are not to be included in the category of capitalists and we are not strong enough to make ourselves felt to the extent we really deserve. Our cause is just and needs much better treatment. Hence in the true interest of the

industry, we represent, we expect some tangible assistance from the Government unlike our case regarding cotton goods classed as "Apparel not specified as otherwise" which has remained lurking since the last year, though the injustice done is as clear as daylight.

Enclosure.

### WOOLLEN ENQUIRY.

#### Questionnaire for Hosiery Manufacturers.

Replies on the above subject from the Hosiery Manufacturers' Association, Ludhiana:—

1. (a) The Hosiery Manufacturers' Association comprises of over 100 members, some of whom can safely be dated to have originated fifty years back, though the woollen industry in the present form started in the year 1929.

(b) The total capital invested in the hosiery industry stands at over rupees thirty-five lacs (Rs. 35,00,000) besides rupees fifteen lacs (Rs. 15,00,000) invested in the general hosiery trade in the form of stocks held by yarn-dealers, colour and chemical merchants, mechanics, dealers of machinery and parts and others directly connected with the industry.

(c) Originally the Block account, including all additions of the whole local industry stood at over rupees twelve lacs (Rs. 12,00,000), out of which rupees two lacs (Rs. 2,00,000) have been written off by way of depreciation and the present book value is over rupees (10,00,000) ten lacs.

2. There are only two joint stock companies while the rest are all private concerns.

3. (a) There are about 1,500 machines for manufacturing socks and stockings, out of which about 75 per cent. are lying idle due to keen Japanese competition. Over 1,000 circular and flat machines are installed for mufflers, and pullovers, etc. Besides, there are fifty Raschael and warp knitting machines and Full Facquard circular machines for outerwear and other knitted garments. Apart from these there are more than 2,000 Sewing and Finishing machines.

(b) (i) Out of the above lot about 5 per cent. machines are being worked by power.

(ii) Wholtime workers are about five thousand (5,000) and part time workers total about two thousand (2,000).

(c) Annual average of worker since 1923-24 to 1929 has been 3,000 whole-time and 1,000 part time and since then figures rose to the limit mentioned above.

4. The principal classes of hosiery goods manufactured locally during the last three years are:—

	1932. Rs.	1933. Rs.	1934. Rs.
(a) Woollen pullovers and cardigans, etc. . .	17,00,000	21,00,000	31,00,000
(b) Woollen mufflers . .	2,00,000	1,00,000	75,000
(c) Woollen socks and stockings . . .	1,00,000	1,00,000	75,000
(d) Cotton pullovers and cardigans, etc. . .	...	...	1,50,000
(e) Cotton socks and stockings . . .	2,00,000	2,00,000	1,50,000
(f) Miscellaneous . . .	1,00,000	2,00,000	3,50,000
Total . . .	23,00,000	27,00,000	39,00,000

5. Yarn is usually purchased forward deliveries through Amritsar and Bombay Yarn importers, whose average margin of profit is about one anna per lb. or about 3 per cent

6. In reply to this question please see statements marked as B. C attached. Regarding comparison of quality, the imported articles have better finish and appearance due to the technical efficiency of the foreign manufacturer.

7. It is really true that the severest competition is felt from foreign goods that are mixtures. These mixtures are passed by the retailers to the Indian consumers as "All-Wool" garments, as there is no woven label attached to these and also because, except with the assistance of experts, these are not easily distinguishable from the "All-Wool" goods.

Therefore, in the Indian Tariff Schedule, there should be no distinction between "All-Wool" goods and goods "containing less than 15 per cent wool". The mixed imported goods are sufficiently heavy in weight and we can not afford to prepare even a nearer weight of "All-Wool" products at a tangible higher price.

8. For answers to the question please refer to Nos. 6 and 7 above. There is no tangible internal competition, but the importers, being interested parties, enter into competition by providing long term credits and other facilities.

9. (a) There is no supply of skilled labour locally. We have to train new hands in our own factories.

(b) There are no female workers in the factories, but they are provided work from the factories which they do at their own home and for which they are paid at piece-work rates.

(c) The average wage paid for labour in the various departments is about rupees thirty-five (35) per month in power-driven factories and Rs. 25 in hand-driven factories.

(d) Piece-work wage is paid in winding and dyeing departments and in all others monthly system is prevalent.

(e) No efficiency standards are maintained nor can they be expected under the present circumstances because of the factories not working throughout the year.

(f) Does not arise.

10. For answers please refer to Statements B, C and D.

11. We have nothing to add to what we have said in answer to question Nos. 6 and 7.

12. The maximum capacity of the present plant and equipment is four times of what we are preparing now, but unfortunately we have no work to keep the factories busy throughout the year.

13. The consumption of yarn during the last five years is:—

	1930.		1931.		1932.		1933.		1934.	
	Crossbred.	Marino.	Crossbred.	Marino.	Crossbred.	Marino.	Crossbred.	Marino.	Crossbred.	Marino.
	Lbs.	Lbs.	Lbs.	Lbs.	Lbs.	Lbs.	Lbs.	Lbs.	Lbs.	Lbs.
Indian	60,000	5,000	100,000	10,000	125,000	165,000	200,000	25,000	125,000	25,000
Japanese	..	..	..	..	..	10,000	..	425,000	..	550,000
British	..	..	..	..	..	1,000	..	5,000	10,000	10,000
Other Countries.	..	10,000	10,000	40,000	45,000	75,000	25,000	50,000	15,000	25,000
TOTAL	60,000	15,000	110,000	50,000	170,000	251,000	225,000	505,000	150,000	610,000

Prices paid for the yarn during the last five years were :—

	1930.	1931.	1932.	1933.	1934.
	Per lb. Rs. A.	Per lb. Rs. A.	Per lb. Rs. A.	Per lb. Rs. A.	Per lb. Rs. A.
Crossbred, Indian or foreign Count 2/16 basis.	2 0	1 8	1 8	1 6	1 8
Marino, Indian Count 2/32 basis . .	2 14	2 11	2 11	2 8	3 0
Marino, Japanese Count 2/40 basis . .	..	..	1 14	2 0	2 12
Marino, other Countries Count 2/40 basis.	2 7	2 4	2 8	2 6	3 0
Marino, English Count 2/40 basis . .	..	3 4	3 4	3 0	3 0

14. Only 5 per cent. depreciation is allowed by the Income-tax authorities. These rates are most unreasonable. These should be 15 per cent. for knitting machinery and 20 per cent. for sewing machinery. The above are the rates we generally allow in our accounts except for buildings which we usually charge 5 per cent.

15. Since 1931 there has been some wholesome effect on our sales by the little increase in the duty. The realised prices have all along been decreasing due to the Japanese competition.

16. The specific minimum duty on the woollen knitted goods has had absolutely no effect while on the cotton underwear this has proved of some assistance. We beg to draw the special attention of the Tariff Board to the fact that, while cotton knitted fabric is scheduled to be assessed at 12 annas per lb., the garments prepared from the same fabric are assessed *ad valorem* duty of 35 per cent. which is much less than the specific minimum rate.

18. The severest competition of the foreign imports has been felt in mixtures, cotton pullovers classed as "Apparels" and cotton and woollen socks. Competition from other Indian factories is negligible.

19. Wastage percentage is as under:—

- (a) Yarn in winding and knitting process—5 per cent.
- (b) Cloth in tailoring process—15 per cent.
- (c) Weight-shortage due to climatic effect—10 per cent.

Waste from the tailoring department fetches from Rs. 2 to Rs. 3 per maund.

19. Working capital is generally raised from private sources and the rate of interest varies from 9 per cent. to 12 per cent.

20. Our industry is at a special disadvantage of 50 per cent. in the railway freight, while foreign finished goods enjoy the advantage of cheap shipping freights and special railway freight concessions. The railway freight from our town to Calcutta is Rs. 4-1-4 per maund per goods train, while the shipping freights from Japan to Calcutta is less than even a rupee.

The railway freight on all imported goods from every port booked by the railway to any station in the interior is much less than the railway freight on Indian manufactured goods booked from the interior to the Indian Ports; which are the biggest distributing centres of both foreign and Indian manufactures. Besides the above disabilities, other manufacturing centres in India such as Cawnpur, Nagpur and Ahmedabad are enjoying special concessional railway rates, which are denied to Ludhiana, though it is an established fact that Ludhiana produces 50 per cent. of the total Indian woollen production of hosiery goods.

21. If sufficient protection is granted we are sure to improve our methods of production and thereby reduce the manufacturing cost by 4 to 5 per cent. annually.

22. (i), (ii) & (iv) Woollen apparels and other hosiery goods, mufflers, socks and stockings, shawls, knitted, woven or embroidered fabrics or garments whether made of 100 per cent. wool or mixture—

Non-British—Rs. 2 per lb. or 50 per cent. *ad valorem* whichever is higher.

British—40 per cent.

Cotton apparel and anything made of cotton knitted fabric—

Non-British—Re. 1-2 per lb. or 50 per cent. *ad valorem* whichever is higher.

British—50 per cent. *ad valorem*.

(iii) For 15 years, at least.

23. Satisfactory machinery or parts are not manufactured in India.

24. The finished goods are disposed off through our own canvassers throughout India, Burma and Ceylon.

25. (a) Three months.

(b) Two months.

(c) One month.

The overhead charges divided in proportion to the value of the different classes of goods manufactured throughout the year.

#### STATEMENT B.

*Statement showing c.i.f. value of Japanese Imported Woollen Mufflers and the cost of a similar article at our local factories for the years 1934 and 1935 taking into consideration the prices of yarn prevalent in these years.*

1934.

The weight of Japanese article is 2 lbs. 1 oz. and its c.i.f. value in 1934 was 6-22 Yens per dozen, or

	Rs. A. P.
At Rs. 78 exchange . . . . .	4 14 0
Duty on 2 lbs. 1 oz. at Re. 1-2 per lb. . . . .	2 5 0
Total c.i.f. price per dozen . . . . .	7 3 0

Now our similar finished article weighs 2 lbs. 4 ozs. or the total weight including wastage in knitting, cutting and shortage in yarn at about 20 per cent. is equal to 2 lbs. 11 ozs.

Hence our cost of manufacture for this stuff is:—

	Rs. A. P.
Cost of yarn—weight 2 lbs. 11 ozs.—at Rs. 2-10 per lb. (Count 2/32) . . . . .	6 15 0
Other charges—	
Dyeing at As. 3 per lb. . . . .	0 8 0
Winding at 8 pies per lb. . . . .	0 1 8
Knitting at As. 2-6 per lb. . . . .	0 7 0
Repairing, cutting and sewing including thread, per dozen . . . . .	0 3 0
Charges for fringes including yarn, per dozen . . . . .	0 2 0
Ironing, etc., per dozen . . . . .	0 2 0
Woven labels, per dozen . . . . .	0 3 0
2 Card board boxes with tickets, etc. . . . .	0 3 6
Packing and forward to station, per dozen . . . . .	0 2 0
Power charges, per dozen . . . . .	0 1 6
Needles, parts and repairs . . . . .	0 2 0
Depreciation, per dozen . . . . .	0 2 0
Interest on Capital, per dozen . . . . .	0 3 0
Establishment charges . . . . .	0 4 0
Selling expenses at 5 per cent. . . . .	0 8 0
Nett cost per dozen f.o.r. Ludhiana . . . . .	10 4 0



1935.

The present rate for the same article is 5.10 Yen per dozen or

	Rs. A. P.
At Rs. 77 exchange equal to . . . . .	3 14 0
Duty at Re. 1-2 per lb. . . . .	2 5 0
Total c.i.f. prices per dozen . . . . .	6 3 0

Our costs :—

Cost of yarn at Re. 1-14 per lb. . . . .	5 0 0
Other charges as above . . . . .	3 5 0
Nett cost per dozen f.o.r. Ludhiana . . . . .	8 5 0

## STATEMENT C.

*Statement showing c.i.f. value of Japanese Imported Woollen Cardigan and the cost of similar article at our local factories for the years 1934 and 1935 taking into consideration the prices of yarn prevalent in these years.*

1934.

	Rs. A. P.
At Rs. 78 exchange . . . . .	22 0 0
Duty on 7 lbs. at Re. 1-2 per lb. . . . .	7 14 0
Total cost c.i.f. per dozen . . . . .	29 14 0

Our similar finished article weighs 7 lbs. 4 ozs. or including the wastage in knitting, cutting and shortage in weight at about 30 per cent. is equal to 9 lbs. 6 ozs.

Hence the cost is :—

	Rs. A. P.
Cost of yarn at Rs. 2-10 per lb. (Count 2/32) . . . . .	24 10 0
Dyeing at As. 3 per lb. . . . .	1 12 0
Winding at 6 pies per lb. . . . .	0 4 9
Warping and Knitting at As. 3 per lb. . . . .	1 12 0
Cutting, per dozen . . . . .	0 5 0
Sewing including thread, per dozen . . . . .	1 0 0
Repairs, per dozen . . . . .	0 2 0
Ironing, per dozen . . . . .	0 4 0
Buttons, five dozens . . . . .	0 10 0
Woven labels, per dozen . . . . .	0 3 0
Four (4) card board boxes including tickets . . . . .	0 5 6
Packing and forwarding to station, per dozen . . . . .	0 4 0
Power charges, per dozen . . . . .	0 4 6
Needles, parts and repairs, per dozen . . . . .	0 6 0
Depreciation, per dozen . . . . .	0 8 0
Interest on capital, per dozen . . . . .	0 9 0
Establishment charges . . . . .	0 12 0
Selling expenses at 5 per cent. . . . .	1 10 3
Nett cost per dozen f.o.r. Ludhiana . . . . .	35 10 0

1935.

The present rate for the same article is 23.85 Yen per dozen or

	Rs. A. P.
As Rs. 77 exchange . . . . .	18 7 0
Duty at Re. 1.2 per lb. . . . .	7 14 0
Total c.i.f. prices per dozen . . . . .	<u>26 5 0</u>

Our costs:—

Cost of yarn at Re. 1.14 per lb. . . . .	17 9 0
Other charges as above . . . . .	11 0 0
Nett cost per dozen f.o.r. Ludhiana . . . . .	<u>28 9 0</u>

#### MEMORANDUM TO THE TARIFF BOARD.

The Hosiery Manufacturers' Association, Ludhiana, begs to submit the following points for the favourable consideration of the Hon'ble Board.

1. That the apparent increase in sales is not in fact a criterion of better profits, as our profits have actually gone much lower since the dumping of similar goods by Japan who is at a much advantageous position on account of the exchange besides other important factors. The increase in our case is rather due to the comparatively lower prices of the knitted fabric than the woven one, which is being replaced by the former.

2. That, if an effective protection is desired to be granted, there must be a difference of 25 per cent. in the duty leviable on yarn and finished goods, otherwise the benefit is nullified.

3. That, as has abundantly been shown, there has been a grave injustice to the industry so far as cotton goods classed as "Apparel not otherwise specified" are concerned. The duty on cotton knitted fabric is As. 12 per lb. and naturally duty on garments made out of the same fabric should be much more due to the waste having been eliminated in the latter case. But the duty actually levied in this case is 35 per cent, which unfortunately turns out to be much less than even As. 12 per lb. while we demanded Re. 1.2 per lb. Hence undue advantage has sufficiently been taken of this loophole which cannot be justified any further, more so because the yarn consumed is wholly Indian.

4. That there is every likelihood of undue advantage being taken of in the case of mixture of wool and cotton, as there is no easy test to find out the exact proportion of cotton and wool in the mixtures. Hence to avoid any loophole thereto, it is earnestly suggested that the duty on mixtures of cotton and wool or 100 per cent. wool should be the same.

5. That due facilities in the shape of concessional railway freight be recommended to bring us to the level of the foreign manufacturer under this head of expenditure.

6. That the industry ranks foremost amongst the indigenous industries and hence deserves to be saved from exploitation at all expenses until, at least, it is established. The foreign Government help to the best of their capacity even Luxury—Industries, while in our case a Necessity—Industry is not being duly protected and which has already involved big investments and is feeding thousands of workmen.

(2) Letter without date from the Hosiery Manufacturing Association, Ludhiana.

I am returning herewith the record of evidence duly corrected. In addition, I am enclosing a Memorandum which forms part of the necessary corrections.

Besides, I was personally required to submit 3 samples with necessary information relating to my own firm. I am sorry I could not do so on account of various engagements prior to my sailing. I am arranging to send you the 3 samples, one each of muffler, pullover, and cost per registered post. The necessary information I will submit from Aden.

MEMORANDUM DATED THE 22ND MAY, 1935.

1. Regarding mixtures we once more beg to bring to the kind notice of the Board that these can be no easy criterion to judge whether the contain 15 per cent. or less of wool, when even experts are liable to error in arriving at the exact percentage. The import is invariably expected to get them passed as containing less than 15 per cent. even if it contains 20 per cent. or more. Under these circumstances which it deserves we should believe that our demand of treating mixtures on the basis of levying duty at the rate at which any one of its components is leviable is very sound and justifiable and should attract the attention of the Port.

2. We are strongly of opinion that the duty on Yarn should not be increased until the Indian Mills can produce the quality like the imported one and are able to sell at not very high price.

3. On page 42, 5th line from the bottom should read as "4 annas is cutting of charges".

4. Reference page 77, we are not in favour of sur-charge being removed at present.

**Hosiery Manufacturers' Association, Amritsar.**

*Letter dated the 25th March, 1935.*

With reference to your letter No. 12, dated the 10th January, 1935, I have the honour to inform you that the copies of the questionnaire were distributed to all the hosiery manufacturers of Amritsar but all of them desired that a joint reply on behalf of the association may be given. So that reply is enclosed herewith in six copies.

The number of Hosiery Manufacturers of Amritsar belonging to the association is 18. The estimate of the number of those belonging to the District which does not belong to our association can not be ascertained as those are scattered in villages and are all doing socks stockings business.

The delay in submitting the answer is very much regretted by all.

Enclosure.

**ANSWER TO THE QUESTIONNAIRE ISSUED BY THE TARIFF BOARD, BOMBAY, TO THE AMRITSAR HOSEYRY MANUFACTURERS' ASSOCIATION.**

1. (a) In Amritsar hosiery factories begin to be established in 1930. There was a great increase in 1932 and subsequent years.

(b) The capital invested in all the factories can be stated as four lakhs.

(c) The total cost of all the machinery can be roughly stated at rupees ninety thousand. We provide 20 per cent. depreciation in our accounts.

2. All the factories are a private concern.

3. (a) The plant of all the Amritsar factories is given below:—

Rashel looms—4.

Power round machines—20.

Hand driven round and flat machines—150.

(b) The power is used wholly in two factories and in part in four factories. Rest are run by hand only.

(c) The total number of hands employed in all the factories range from 800 to 1,000.

4. The principal classes of hosiery goods are:—Pullovers, slipovers, coats, lady coats, mufflers, lady mufflers, etc.

5. The yarn is purchased through the local yarn importers *ex-Amritsar* godown.

6. The wholesale price of a pullover imported from Japan is Rs. 48 and the same pullover manufactured by is sold at Rs. 54. The price of muffler imported is Rs. 12 while our selling price is Rs. 15. The weight of pullover in each case is 6 chtks. and of the muffler 2½ chtks. The imported article is better in finish and is decently packed.

7. It is true that there is a severe competition from Japanese mixture goods especially in mufflers. The Japanese mixed muffler is sold at Rs. 10-8 per dozen.

8. The prices are given in answer No. 6. The cause of difference is not understood by us, but it is said that it is due to cheap labour, own raw material and financial aid from Government.

9. (i) We don't find any difficulty in recruiting labour locally. Recently it was imported from Ludhiana, but now it has been trained here.

(ii) The proportion of males to females is 75 and 25 per cent. All the females do winding work and that too at their homes.

(iii) The average wage paid to labour in power department is from Rs. 20 to Rs. 30 and in hand driven department from Rs. 15 to Rs. 20.

(iv) We pay in some factories monthly wages and in some factories contract system.

(v) and (vi) We do not maintain any efficiency standard.

10. The statement under this question as well as question No. 11 is very difficult to supply, being trade secrets. But if the Tariff Board desire to know what percentage of profit we are it can be roughly stated that we are making 10 per cent. profit.

12. The maximum capacity of all the factories can be put at three lakh pounds of goods.

13. This question has been fully discussed in our memorandum submitted to the Tariff Board on their recent visit to ASR.

14. The rate of depreciation allowed by the Income-tax authorities is only 5 per cent. This rate is quite insufficient and comes to *nil*. We all provide 20 per cent. depreciation in our accounts on our machinery. Excepting one factory all the factories are in hired house.

15. & 16. Our sales have been on increase yearly with lowering of selling prices and decreasing of our profits.

17. We meet most severe competition from Japan in pullover and mufflers.

18. The percentage of wastage in dyeing and knitting process is 5 per cent. and of cloth in tailoring 20 per cent. The market value of the waste was *nil* in 1932, Re. 1 in 1933, and Rs. 3 in 1934.

19. All the factories owners provide their own capital but it can be had from the local market at the rate of 6 per cent.

20. The rates per passenger train for goods is very excessive, as the rates to Calcutta per passenger train is Rs. 10 per maund.

21. We are yearly making improvements in the methods as production and reducing the selling rates as well, but our margin of profit is decreasing at the same time. Unless and until India can be self-supporting regarding its raw material and machinery and Government helps the Industry just as Japanese Government is doing, we can not compete the foreign imports without a heavy import duty.

22. In our opinion protection should be given as follows:—

(i) There must be further increase of duty on the finished hosiery goods of all wool as well as mixtures.

- (ii) The duty should be 50 per cent.
  - (iii) It should remain in force till a change is required by a subsequent enquiry.
  - (iv) It should be levied on all hosiery goods all wool and mixtures.
23. We are now in 1935 able to obtain all inferior machinery driven by hand in India, but the power driven bigger and fancy machinery is still all imported.
24. We sell our finished goods through agents or self, on credit as well as cash by V. P. P. O. The chief market for Amritsar hosiery is Calcutta and Punjab.
25. All the factories remain in full working for 6 months and half working for 6 months. Only some small factories manufacture other than woollen and that too has started from year 1934.

### **The Atlas Hosiery Works, Jullundur City.**

*Letter dated the 15th March, 1935.*

#### ENQUIRY INTO WOOLLEN TEXTILE INDUSTRY.

In reply to your favour No. 165, dated the 5th March, 1935, enclosed please find 7 copies of answers to Questionnaire for Hosiery Manufacturers as required by the Tariff Board.

Enclosure.

#### *Answers to Questionnaire for Hosiery Manufacturers.*

1. (a) Winter 1932.
- (b) The capital invested in 1932 Rs. 25,000 and in 1934 Rs. 50,000.
- (c) Original block account Rs. 25,000, depreciation written off about Rs. 3,000, book value to-day Rs. 33,000.
2. Factory is a private concern.
3. (a) Circular Jacquard 3 power driven machines for woollen outerwear imported from England; one power driven Circular machine for underwear; one handdriven Flat machine for woollen outerwear also imported from England and 2 small power driven machines for outerwear of Indian make, winding machines, besides several other subsidiary power machines.
- (b) Mostly power driven machines as stated in 3 (a).
- (ii) Average hand-employed 40 during season and 10 during out of season.
- (c) About 30.
4. Principally pullovers, ladies cardigans, scarves and sports wear all being woollen outerwear, as also underwear.
5. Our principal purchases are mostly direct from English Spinners, and only for sundry requirements we purchase from yarn merchants in Amritsar.
6. Japanese woollen goods c.i.f. Rs. 15 to Rs. 25 per dozen, the average weight being 3 to 6 lbs. for sleeveless pullovers per dozen and those imported from England, using average class yarn are priced c.i.f. 30 to 60 shillings, weight ranging from 3 to 6 lbs., while our prices per dozen for sleeveless pullovers ranges from Rs. 27 to Rs. 48 weight being 3 to 6 lbs. per dozen and using average to better class yarn.
7. It is true that the severest competition is felt from such articles that are sold in the market as woollen containing mixture of wool and cotton and they are sold as low as about Rs. 10 per dozen for sleeveless pullovers by the whole-sale merchants of this country.
8. The question is not very clear. The realized prices of our all wool articles in last year was Rs. 72,000. We have not produced any cotton and wool mixed article so far. The prices realized some three or four

years ago when Japanese competition in all wool articles was not felt so keenly were considerably more. Internal competition is not so keenly felt.

9. (i) No, although we have to give them some training in the beginning.
- (ii) No female works in our factory.
- (iii) Labourers in the machinery department are paid on average Re. 1 a day and tailors As. 12 a day.
- (iv) Wages are paid monthly.
- (v) Our labourers are gaining far amount of efficiency.
- (vi) We do not know.
10. (i) Nearly Rs. 40,000, 90 per cent. on Marino yarn from 2/24 to 2/36 English counts.
- (ii) Rs. 5,300.
- (iii) Rs. 4,307.
- (iv) Rs. 2,157.
- (v) Rs. 741.
- (vi) Included in item (iv).
- (vii) Included in item (v).
- (viii) Rs. 2,596.
- (ix) Dyeing expenses Rs. 1,110 and Tailoring accessories Rs. 555.

	Rs.
Total Manufacturing costs . . . . .	56,766
Less value of waste . . . . .	325
Net total manufacturing cost . . . . .	<u>56,441</u>

- (x) Rs. 508.
  - (xi) Rs. 6,485, a major portion being commission to dealers proportion being 35 to 65 per cent.
  - (xiii) Included in item (xii).
  - (xiv) Rs. 1,515.
  - (xv) Rs. 1,217, being interest on loans.
- Other expenses:* T. A. Rs. 1,300, advertisement charges Rs. 460, Postage and telegram Rs. 467, Stationery Rs. 162, Loss in Transit Rs. 118.
- Total expenditure Rs. 68,673.

11. We have to pay discounts to the dealers because all wool articles from far East are priced very low, in addition to the low price obtained in the market. Also volume of trade is so little (because of foreign competition) and the production is kept down which therefore increases the cost of manufacture.

12. We can turn out goods worth Rs. 200,000, if we work all the year round.

13. Imported Hosiery yarn from England worth Rs. 35,000 and Rs. 5,000 from Amritsar or Japan.

14. Depreciation charges on machinery 6½ per cent.

15. No appreciable difference.

16. Nothing at all, no assistance.

17. (a) In all, especially from Japan are very pronounced in and much more so in light weight pullovers of wool.

(b) Difficulties of local competition are surmountable.

18. (a) 4 to 5 per cent. in knitting and winding process and

(b) nearly 12½ per cent. in tailoring process.

19. We do not charge any interest on the capital being provided by only 2 partners, but whenever loan is raised on an average of 90 per cent. P. A. interest is charged.

20. We have to bear an extra charge of about 3 per cent. when we send goods in the Port cities of Calcutta, Bombay, etc., as an illustration; we have to pay Railway freight of about Rs. 4-8 per maund for despatch of our goods to Calcutta per goods train and Rs. 9 by passenger train, it spreads over 3 per cent. by goods train and 6 per cent. by passenger train.

21. (a) Installation of more machines, by increasing the production, the overheads will decrease, but this can only be achieved if the sales in the market are encouraging. Also full working of our present plant as explained in 11.

(b) During the transitory period the operatives could also be made more efficient so that the mau may be able to control more than one machine.

(c) When encouraging results are obtained more capital can also be procured at cheaper interest.

22. (i & ii) Specific duty or *ad valorem* whichever is higher. The minimum specific duty should be Rs. 2-8 per lb., also the difference in duty between the imported woollen yarns and the imported garments should be considerably more than what it is now, for instance; the difference between imported woollen yarn from England is 20 per cent. and from other countries including Japan is 30 per cent., while the duty on imported woollen Hosiery from England is 25 per cent. and from other countries including Japan is 35 per cent. Thus giving a difference of only 5 per cent. between the raw materials and manufactured articles. This difference in our opinion should not be less than 20 per cent., the raw material having the lower limit of tariff.

(iii & iv) Minimum period should be 5 years, all knitted goods whether in the shape of fabric or in the shape of garments.

23. Machinery, especially for woollen outerwear is not obtainable of any importance in India.

24. We have direct connection with the retail dealers, principally in Bengal, United Provinces, Sind and Bombay.

25. (a) In full working, four months from August to November, both months inclusive.

(b) Part working for 3 months—May, June and July.

(c) So far not engaged in any manufactures other than woollen.

### **Messrs. Ahmed Ebrahim Bros., Rangoon.**

*Letter dated the 8th February, 1935.*

In reply to your letter No. 11 of the 10th ultimo we beg to submit our replies to the questionnaire for Hosiery Manufacturers received with your above letter.

In connection with our replies we are forwarding the following sample cuttings:—

- (1) 6 batches of sample cuttings showing woollen mufflers, shawls, and cardigans of Japanese make.
- (2) 6 batches of samples showing mufflers and shawls made at our Factory.
- (3) 6 batches of samples cuttings showing woollen cardigans of different designs made at our Factory.
- (4) 6 batches of samples cuttings of cotton cardigans of similar designs as all-wool articles which enter into competition with all-wool articles as they are passed at 35 per cent. duty.
- (5) 6 cuttings of cotton mufflers, which although made from cotton knitted fabrics are passed as apparel at 35 per cent. duty. It

may pointed out in connection with this particular line that by suitably cutting them and with some additional sewing children undershirts can be made from them, and small dealers are actually doing this, being tempted to do so by the great saving resulting from a lower duty.

While this matter is before the Tariff Board, we beg to submit that in order to fix an equitable rate for any given article, it must be liable to the same duty which is levied on the fabric from which it is made.

The correctness of this principle has been acknowledged by Government, so far as woven cotton piecegoods are concerned, so that now ready made shirts, or handkerchiefs, etc., made from woven piecegoods pay the same duty namely 50 per cent. same as on Foreign cotton piecegoods.

In case of cotton knitted fabric the same principle should also apply, and all articles made from cotton knitted fabric should be made liable to same as duty as on cotton knitted fabric.

The tremendous obstacle in way of expansion of woollen hosiery goods will then have been removed.

Cotton knitted apparel goods are made from yarns varying from 8s to 16s, as will be seen from our sample cuttings. Such yarns are spun mostly from Indian short staple cotton, and if Foreign goods are made to pay the proper duty, such goods can be made in India in large quantities, and indirectly great help will be given to cotton growers, and also the Indian spinning industry.

Fabric for woollen apparel goods can not be made and kept in stock, as woollen fabric generally is liable to get damaged by moths or other insects, whereas cotton fabric can be made and kept in stock without being so damaged.

In view of the fact that the removal of this defect in Tariff will greatly help the woollen hosiery industry, we trust that the Board will immediately make the necessary recommendation.

#### Enclosure.

REPLIES TO QUESTIONNAIRE FOR HOSEIERY MANUFACTURERS FROM AHMED EBRAHIM BROTHERS, PROPRIETORS, AHMED VIOLIN HOSEIERY WORKS, RANGOON (BURMA).

1. (a) Our Factory started working from 1930.
- (b) The capital invested, including the working capital, is about eight lacs of rupees.
- (c) The present book value of the block account that is, of buildings and machinery, after writing off depreciation, is about four lacs of rupees.
2. Our Factory is a private concern.
3. (a) Following is a brief description of the Plant and equipment at our Factory:—

#### (i) Knitting Department—

- 85 circular knitting machines for making cotton plain knitted fabric.
- 20 circular knitting machines for making woollen fabric, plain or with patterns, from which are made woollen cardigans, sweaters, pullovers, shawls, and mufflers, etc.
- 2 Rassel looms for producing plain or fancy woollen fabric.
- 5 machines for making socks.

- #### (ii) Winding Department.—
- 15 winding machines (power-driven) with different number of spindles for winding yarns from hanks on to bobbins, and also for re-winding yarns from cones to cones or bobbins.



(iii) *Bleaching, Calendering, and Dyeing.*—We have a boiler, 2 bleaching kiers, a set of bleaching tanks hydro-extractors, 3 finishing and calendering roll machines, and a set of vats with rollers for dyeing.

(iv) *Sewing Department.*—There are 140 machines of various types for different kinds of stitching work. All these machines are power driven being mounted on power benches. Besides the above we have:—

1 Jacquard loom for making cloth labels.

1 brushing and raising machine for making "Fleecy Back" fabric and complete set of machinery for making cardboard boxes of all sizes to pack our goods in.

(b) The motive power for our factory is electricity, which is supplied by the Rangoon Electric Tramway & Supply Co., Ltd. It is used partly for making woollen goods.

(c) The number of workmen in 1930, were about 200. With the gradual expansion of the factory, this number has increased by degrees and at present there are about 700 workmen. This is due to the protection given to the Hosiery industry, although it is not effective.

4. The principal classes of woollen hosiery goods made at our factory are sweaters, cardigans, pullovers, mufflers, shawls, etc. We have been manufacturing woollen hosiery goods since our factory started working. The quantity manufactured during 1934 is 4,474 dozens weighing 17,568 lbs.

5. We import the required woollen yarns direct from England or Japan, and in some cases we buy them from local importers.

6. For a reply to this question, we submit herewith 3 different statements marked A, B and C. In statement A, we have compared the prices of mufflers made at our Factory, and imported from Japan, and in statements B and C we have done the same thing as regards woollen shawls, and woollen cardigans respectively, particulars as regards weight c.i.f. prices, etc., are given in these statements. Our quality is better than that of the imported article.

7. Competition from foreign goods that are mixtures, is not now so severe, so far as woollen hosiery, and woollen knitted apparel is concerned, because the specific duty of Re. 1-2 is levied, even when the percentage of mixture of cotton or other fibre is as high as 85 per cent. The severest competition is, however, felt from foreign goods, particularly from Japan, of the "Apparel" class, which are made from cotton knitted fabric, and are exactly similar in designs and shape, to all wool Indian products. Under the present Tariff they are passed at 35 per cent. duty as "Apparel" although they are made from cotton knitted fabric, which is liable to a duty of 12 annas per pound.

The woollen hosiery industry should be protected from this most unfair and most intense form of competition, from Japan by immediately making all articles made from cotton knitted fabric, liable to the same rate of duty as that on the fabric, namely 12 annas per pound by weight. It may be stated that as such garments of the "Apparel" class made entirely of cotton being very thick, and of the same design and shape, as all wool garments, and at the same time being very cheap owing to the low rate of duty, have a very strong appeal to the buyer with limited means.

8. There is no internal competition, from Indian Mills but Indian importers of foreign goods, being interested parties, enter into competition with Indian mill products. They give long term credits and other facilities to small dealers, who are prospective buyers of Indian mill goods, thus shutting out the avenues of sale of the products of Indian Mills.

9. Skilled labour is not easily available. Generally workmen have first to be engaged, and then trained in various kinds of operations, and it takes a long time for such men to be skilled workmen. In the present circumstances, however, the work of making woollen hosiery goods lasts only for about 4 months in the year, and afterwards the machines have to be closed

down, and the workmen paid off, as there is no work for them. Fabric for cotton knitted apparel is made on the same machines, but as explained above, it does not pay as the foreign goods are much cheaper, owing to low duty on them, and owing to greatly depreciated Japanese currency. Thus the machines remain idle for the remaining part of the year, and workmen have to be discharged. It may thus happen that workmen who have learnt some work are not available next season, having taken up some other work, or if they are available they have, by losing practice become inefficient. If the present defect about foreign cotton apparel goods is removed then it would be possible to make woollen goods on machines for the cold season, and then to keep the machines running and the workmen employed throughout the year by producing fabric for cotton apparel goods on the same machines. Thus the workmen by constant practice will become efficient in much shorter time, and the overhead charges in respect of both the woollen hosiery and cotton hosiery goods of the apparel class will be much lower, being apportioned over a considerably larger production, and the cost of production will, in consequence be much lower.

(ii) The male and female workers are in the proportion of 55 per cent. and 45 per cent. roughly.

(iii) The average wages paid to the workmen are from 12 annas to 14 annas per day.

(iv) In sewing and cutting departments the workmen are paid by piece work system, and in the other departments they are paid on monthly system.

(v) We do not maintain any efficiency standards, but can say from experience that from 40 per cent. to 45 per cent. of the workmen can attain efficiency if they remain employed throughout the year on the same work or operation, and continue to work for 3 years. This can be possible if the defect about duty on cotton knitted apparel mentioned in clause (i) of this question above is removed.

(vi) In our opinion the indigenous labour is less efficient than the labour of other countries, particularly of Japan, from which country the most severe competition is felt. One of the reasons is that there are very few institutions in this Country with Government help, where practical and technical training can be obtained. Another reason, so far as woollen hosiery industry is concerned, is that owing to the low rate of duty on Japanese cotton apparel goods, as explained above, workmen cannot remain employed throughout the year, and thus they are deprived of the means of becoming efficient in their work. In Japan there are numerous institutions with Government help for training workmen and Government sees to it that trained workmen do not get out of employment. In that Country workmen remain continuously employed as they make woollen hosiery goods for Home consumption for 6 months and for export for other 6 months, and this is possible owing to the different seasons prevailing in the two Countries.

In Japan Government also protects indigenous industries by high tariffs.

10 & 11. In view of the detailed statements submitted in reply to question 6, there is no further information that can be supplied.

12. The maximum capacity of our factory is a production of about 750 to 800 dozens of undervests (cotton) in a day of 9 hours and about 200 dozens of woollen hosiery per day of 9 working hours.

13. We have not bought any Indian spun yarn. In 1934 we imported or bought about 25,000 lbs. of woollen yarns of which about 2,000 lbs. were from England and the balance from Japan.

14. Following are the rates of depreciation allowed by the Income authorities:—

Buildings 5 per cent.

Knitting machinery 5 per cent.

Bleaching and dyeing machinery  $7\frac{1}{2}$  per cent.

Sewing machinery  $12\frac{1}{2}$  per cent.

Electric machinery  $7\frac{1}{2}$  per cent.

The rates provided by us are the same as those allowed by Income-tax authorities. In our opinion the rates of depreciation of knitting machines should be 15 per cent. and those on sewing machinery 20 per cent.

15. After the minimum specific duty of Re. 1-2 per lb. became effective, we have noticed some improvement in the sales, but there is still no improvement in the realised prices.

16. The minimum specific duty of Re. 1-2 per lb. has helped our industry about 15 per cent. but effective and real help will be obtained by us only when the cotton apparel goods made from cotton knitted fabric are made liable to the same duty as on cotton knitted fabric, namely, 12 annas per lb. by weight.

17. There is no competition from Indian factories. The most severe competition is from Japan, and that in goods of the apparel class as explained above, as such goods are passed at the very low rate of 35 per cent. duty and the landed cost of which therefore becomes much cheaper.

18. We have found the percentage of wastage as follows:—

Winding and knitting  $2\frac{1}{2}$  per cent. to 3 per cent.

Cutting 6 per cent. to 7 per cent.

Sewing 5 per cent. to 6 per cent.

The market value of the waste is insignificant, being about Rs. 2 to Rs. 3 per maund of 82  $\frac{1}{2}$  lbs.

19. Our working capital is provided by loans from Bank and we debit 5 per cent. per annum interest to the cost of manufacture.

20. The railway freight, and the steamer freight from port to port in India are very high. In India the industry is spread over a very wide area such as the Punjab, Bengal and Madras, and the most important markets where foreign goods arrive or from where the distribution of finished goods takes place are Bombay, Calcutta, Madras, Karachi and Rangoon. The factories at present suffer a double disadvantage in that they have to pay a high railway freight on their raw materials from port to their factory, and again on their manufactured goods from factory to principal markets. For instance for the yarns we buy from Madura (South India) freight is as high as that from Japan to Rangoon. We would therefore suggest that in case of manufactured goods only, when they are sent by rail by the Mill or its Managing agents a 50 per cent. rebate of freight should be given.

21. Just as a child requires a long period of care and protection before it can grow into manhood and do good work in the same way an industry must also have a reasonably long period of protection before it can become really strong, and can show satisfactory results. If, as explained above, the industry is protected against unfair competition of cotton apparel goods, and if further substantial protection be given, improvements in the methods of production and reduction in manufacturing costs are bound to come in a reasonable time, thus ensuring supplies of suitable articles for consumers at reasonably cheap prices. In our opinion a reduction of about 4 per cent. to 5 per cent. in manufacturing costs would be possible every year, so that in about 4 to 5 years, the manufacturing costs would be reduced by about 20 per cent.

22. We therefore consider that protection should be given—

- (i) by levying a protective duty on foreign manufactured goods imported in India.
- (ii) The rates should be as mentioned against (iv) below.
- (iii) The protection should be for a minimum period of 15 years.

(iv) The following are the goods on which protective duty should be levied:—

Woollen apparel and other hosiery goods, mufflers, socks, stockings, woollen shawls, woven, knitted or embroidered whether made of 100 per cent. wool or mixtures:—

Non-British Rs. 2 per lb. by weight or 50 per cent. whichever higher.

British 40 per cent.

Cotton apparel and any goods made from cotton knitted fabric, same duty as for cotton knitted fabric, namely:—

Non-British 12 annas per lb. or 50 per cent.

British 40 per cent.

23. At present machines for the manufacture of woollen hosiery goods are imported, mostly from England, and parts for such machines are obtainable from the Agents in India, representing the manufacturers of such machines. Machines for the manufacture of such goods have however started to be made recently in Punjab. If required protection to the industry was given and the present defect in the Tariff about cotton apparel goods is removed, this machine building industry of India will also be greatly helped, and in due course such machines and their parts will be produced in India.

24. We sell our finished goods in all the markets of India in small lots. Owing to the competition of Indian importing firms it is difficult to sell our goods in larger lots.

25. Our factory is fully working for making woollen hosiery goods for about 4 months in the year, (b) for about 1 to 1½ months it is partly working for making such goods, and (c) for the remaining period for making mainly cotton undershirts. The machines for making woollen hosiery goods remain idle for over 6 months in the year. In the statements furnished by us in reply to question 6 we have explained how we calculate the charges.

#### STATEMENT A.

*Comparative statement, showing the c.i.f. value of imported woollen mufflers (from Japan) in 1934, and at present, and the cost of manufacture of the same article during both these periods.*

The weight of the Japanese finished article . . . . .	2 lbs. 1 oz.		
	lbs. oz.		
The weight of our finished article . . . . .	2 6		
Add knitting and cutting waste 10 per cent. . . . .	0 4		
Woollen yarn 2/32 required . . . . .	2 10		
		Rs. A. P.	Rs. A. P.
The c.i.f. value of this article in 1934 was Y. 6.55			
per doz. which converted into rupees at			
Exchange Rs. 78 . . . . .	5 2 0		
Duty on 2 lbs. 1 oz. at Re. 1-2 per lb. . . . .	2 5 0		
Landed cost of Japanese article . . . . .	7 7 0		

*Our cost of manufacture in 1934—*

2 lbs. 10 oz. of 2/32 woollen yarn at Y. 2.30			
per lb. is Y. 6.04 at Exchange Rs. 78 . . . . .	4 11 0		
Duty at 30 per cent. on Rs. 4-11 . . . . .	1 7 0		
Importer's commission at 3 per cent. on			
Rs. 4-11 . . . . .	0 2 3		
		6 4 3	

	Rs.	A.	P.	Rs.	A.	P.
<i>Other charges—</i>						
Dyeing on 2 lbs. 10 oz. at As. 3 per lb. . . . .	0	7	6			
Winding on 2 lbs. 10 oz. at anna 1 per lb. . . . .	0	2	6			
Knitting on 2 lbs. 10 oz. at As. 2-6 per lb. . . . .	0	6	0			
Mending defects, per doz. . . . .	0	1	0			
Cutting, per doz. . . . .	0	2	0			
Attaching fringes, per doz. . . . .	0	2	0			
Calendering, ironing, folding and packing in cardboard boxes, per doz. . . . .	0	1	6			
2 cardboard boxes, tickets and labels, per doz. . . . .	0	3	9			
Cloth labels, per doz. . . . .	0	1	3			
Empty wooden cases and cooly charge . . . . .	0	1	0			
Repairs and maintenance . . . . .	0	1	6			
Power and light . . . . .	0	2	0			
Needles and parts . . . . .	0	1	6			
Insurance, per doz. . . . .	0	1	6			
Depreciation, per doz. . . . .	0	2	6			
Interest on capital, per lb. . . . .	0	3	9			
Rates and taxes . . . . .	0	1	6			
					2	10 9
					8	15 0
Supervision, technical staff, office staff and sell- ing expenses at 6½ per cent. on Rs. 8-15 . . . . .					0	9 0
Our cost . . . . .					9	8 0
Current weeks c.i.f. price for the same muffler received from Japan is Y. 5-10 per doz. which converted in rupees at Exchange Rs. 77-4 . . . . .	3	14	0			
Duty on 2 lbs. 1 oz. at Re. 1-2 per lb. . . . .	2	5	0			
Landed cost . . . . .	6	3	0			
Our cost based on current value of woollen yarns would be as follows:—						
2 lbs. 10 oz. 2/32 woollen yarns at current price of Y. 1-80 per lb. is Y 4-72, this at Exchange of Rs. 77-4 per 100 yen is . . . . .	3-10	6				
Importer's commission at 3 per cent. on Rs. 3-10-6 . . . . .	0	1	9			
Duty on Rs. 3-10-6 at 30 per cent. . . . .	1	2	0			
					4	14 3
Manufacturing charges per doz. as detailed above . . . . .					2	10 9
					7	9 0
Add 6½ per cent. on Rs. 7-9 as explained above . . . . .					0	7 6
Our cost . . . . .					8	0 6
					P 2.	

## STATEMENT B.

*Comparative statement showing the c.i.f. value of imported woollen shawls (from Japan) in 1934, and at present, and the cost of manufacture of the same article at our factory during both these periods.*

The weight of the Japanese finished article	5 lbs.
	lbs. oz.
The weight of our finished article . . . . .	5 8
Add knitting and cutting waste 12 per cent. . . . .	0 11
	<hr/>
Woollen yarn 2/48 required . . . . .	6 3
	<hr/>
	Rs. A. P. Rs. A. P.
The c.i.f. value of this article in 1934 according to figures taken from Daily List of exports and imports of Rangoon Custom House was	
Rs. 11-5 per doz. . . . .	11 5 0
Duty on Rs. 11-5 at 35 per cent. . . . .	3 15 0
	<hr/>
Landed cost . . . . .	15 4 0
	<hr/>
Our cost of manufacture in 1934—	
6 lbs. 3 oz. of woollen yarn 2/48 at Y. 2.40 per lb. is Y. 14-88 at Exchange Rs. 78 . . . . .	11 9 0
Duty at 30 per cent. on Rs. 11-9 . . . . .	3 7 0
Importer's commission at 3 per cent. on Rs. 11-9 . . . . .	0 6 0
	<hr/>
	15 6 0
Other charges—	
Knitting, warping and winding on 6 lbs. 3 oz. at As. 7 per lb. . . . .	2 10 0
Cutting, per doz. . . . .	0 3 0
Sewing, per doz. . . . .	0 3 0
Mending defects, per doz. . . . .	0 1 0
Folding and packing in cardboard boxes, per doz. . . . .	0 1 0
2 cardboard boxes, tickets and labels . . . . .	0 5 0
Empty wooden cases and cooly charge . . . . .	0 3 0
Repairs and maintenance . . . . .	0 3 0
Power and light . . . . .	0 4 6
Needles and parts . . . . .	0 4 6
Insurance, per doz. . . . .	0 3 0
Depreciation, per doz. . . . .	0 6 0
Interest on capital . . . . .	0 9 0
Rent and taxes . . . . .	0 3 0
	<hr/>
	5 11 0
	<hr/>
	21 1 0
Supervision, technical staff, office expenses and selling expenses at 6½ per cent. on Rs. 21-1	1 5 0
	<hr/>
Our cost	22 6 0
	<hr/>

	Rs. A. P.	Rs. A. P.
Current c.i.f. price for the same shawl . . . . .	8 14 0	
Duty on Rs. 8-14 at 35 per cent. . . . .	3 2 3	

Landed cost . . . . . 12 0 3

Our cost based on current price of woollen yarns would be as follows:—

6 lbs. 3 oz. of woollen yarns 2/48 at Y. 1-90 per lb. is Y. 11-76, which converted into rupees at Exchange of Rs. 77-4 . . . . .	9 1 0	
Importer's commission at 3 per cent. on Rs. 9-1 . . . . .	0 4 6	
Duty at 30 per cent. on Rs. 9-1 . . . . .	2 11 6	
		12 1 0
Manufacturing charges per doz. as detailed above . . . . .		5 11 0
		17 13 0
Supervision and charges as above at 6½ per cent. on Rs. 17-13 . . . . .		1 2 0
Our cost . . . . .		18 15 0

#### STATEMENT C.

*Comparative statement showing the c.i.f. value of imported woollen cardigans (from Japan) in 1934, and at present and the cost of manufacture of the same article at our factory during both these periods.*

The weight of the Japanese finished article . . . . .	7 lbs.
	lbs. oz.
The weight of our finished article . . . . .	7 4
Add knitting, cutting and sewing waste 15 per cent. . . . .	1 2
Woollen yarn 2/32 required . . . . .	8 6

	Rs. A. P.	Rs. A. P.
The c.i.f. value of this article in 1934 was Y. 28-25 per doz. which at exchange of Rs. 78 per 100 yen is . . . . .	22 0 6	
Duty on 7 lbs. at Re. 1-2 per lb. . . . .	7 14 0	
Landed cost of article . . . . .	29 14 6	

*Our cost of manufacture in 1934—*

8 lbs. 6 oz. of woollen yarns 2/32 at Y. 2-38 per lb. is Y. 19-93 at Exchange Rs. 78 . . . . .	15 8 0	
Duty on Rs. 15-8 at 30 per cent. . . . .	4 10 6	
Importer's commission on Rs. 15-8 at 3 per cent. . . . .	0 7 6	
		20 10 0

	Rs. A. P.	Rs. A. P.
<i>Other charges—</i>		
Dyeing, 8 lbs. 6 oz. at As. 3 per lb. . . . .	1 9 6	
Winding, 8 lbs. 6 oz. at 1 anna per lb. . . . .	0 8 6	
Warping and knitting, 8 lbs. 6 oz. at As. 6 per lb. . . . .	3 3 0	
Cutting, per doz. . . . .	0 8 0	
Mending defects, per doz. . . . .	0 4 0	
Sewing, per doz. . . . .	0 10 0	
Finishing and folding, per doz. . . . .	0 6 0	
Buttons, per doz. . . . .	0 10 0	
Cloth labels . . . . .	0 1 3	
Needles and parts, per doz. . . . .	0 6 3	
4 cardboard boxes, tickets and labels . . . . .	0 6 0	
Empty wooden boxes and cooly . . . . .	0 2 0	
Repairs and maintenance . . . . .	0 4 3	
Power and light . . . . .	0 6 3	
Insurance, per doz. . . . .	0 8 6	
Depreciation . . . . .	1 9 6	
Interest on capital . . . . .	1 9 6	
Rent and taxes . . . . .	0 4 3	
	<hr/>	13 4 9
		33 14 9
Supervision, technical staff, office expenses and selling expenses at $6\frac{1}{4}$ per cent. on Rs. 33-14-9 . . . . .		2 1 9
Our cost . . . . .		<hr/> 36 0 6
The present price of the same article as per quotation received from Japan is Y. 23-85, which converted into rupees at Exchange Rs. 77-4 . . . . .		
Duty on 7 lbs. at Re. 1-2 per lb. . . . .	18 7 0	
	7 14 0	
The present landed cost . . . . .	<hr/> 26 5 0	
Our cost based on current price of woollen yarns would be as follows:—		
8 lbs. 6 oz. of woollen yarns 2/32 at Y. 1-80 per lb. is Y. 15-08, which at Exchange of Rs. 77-4 . . . . .	11 10 0	
Duty on Rs. 11-10 at 30 per cent. . . . .	3 7 6	
Importer's commission at 3 per cent. on Rs. 11-10 . . . . .	0 6 0	
	<hr/>	15 7 6
Manufacturing charge per doz. as per details above . . . . .		13 4 9
		<hr/> 28 12 3
Supervision, etc., as above on Rs. 23-12-3 at $6\frac{1}{4}$ per cent. . . . .		1 12 9
Present cost . . . . .		<hr/> 30 5 0



### Kashmir Knitting Co., Jammu.

*Letter No. 2113-I., dated the 15th February, 1935, from the Director of Industries and Commerce, Jammu.*

With reference to your letter dated the 9th January, 1935, relating to the claims of the Woollen industry (hosiery) for protection, I have the honour to forward herewith six copies of the replies submitted by the Kashmir Knitting Company, Jammu. This is the only organised knitting company in the State. Other companies to whom the questionnaire was forwarded have not so far replied.

*Letter dated the 21st January, 1935, from the Kashmir Knitting Company, to the Director of Industries, H. H.'s Government J. and K., Jammu.*

Reference your questionnaire about the woollen enquiry, we beg to submit the following in reply thereto:—

1. (a) Our Factory was erected in the month of February, 1933.  
(b) Capital invested is Rs. 25,000.  
(c) In the year 1933 the block amount was Rs. 15,000 but since then some addition in machinery and working capital has been made the total investment standing at Rs. 25,000.
2. The Factory is a partnership concern run by two partners only with 50—50 share.
3. (a) There are 20 machines in the Factory: 3 flat machines, 4 round machines, 2 automatic machines, 5 overlock and sewing machines, 1 linking machine, 4 hand socks machines, 1 winding frame, 1 fibre raising machine and many extra cylinders of different gauges for the round machines.  
(b) (i) 70 per cent. of the machines are electric driven.  
(ii) Number of hands directly employed in the factory are thirty. Besides this there are several persons who are engaged on piece work wages which they do at home.
4. Excepting cotton banyans which also can be manufactured but for the cut-throat Japanese competition we are manufacturing everything in the hosiery line. Approximate production of some of the chief articles for the last two years is as follows:—Pullovers 700 doz.; Military jerseys 300 doz.; socks, cotton and woollen 1,500 doz.; stockings 500 doz.; hose tops 3,000 pairs; mufflers 100 doz.
5. We purchase our yarn through the yarn dealers of Amritsar and import our requirements under Kashmir State Custom Bond to save the State Custom duty of 20 per cent. on the Indian make of yarn. We cannot say with certainty what commission the dealers make out of the transaction with us as the price per pound that we pay is inclusive of all charges, but we believe it cannot be less than 10 per cent. in any case.
6. The current prices c.i.f. of all-wool hosiery is not known to us, but for the wholesale prices of Japanese articles comparing quality for quality and weight for weight with our own is nearly 25 per cent. cheaper. The quality of our products compares favourably with the quality of imported goods.
7. Japanese woollen socks in which one thread used is cotton are sold at the wholesale rate is Rs. 6-8 a doz., our wholesale prices for all-wool socks is Rs. 10-8 a doz.
8. Prices realised are given under question No. 7. So far as our factory is concerned there is no competition with Indian mills so as to cause any variations from internal competition. Our products suffer principally in competition with Japanese imported socks.
9. (1) There is no difficulty in getting skilled labour as our factory is situated quite near to Punjab where Ludhiana is a centre of the industry.

Such of the local labour as we employ in the factory serves a period of apprenticeship until it is fully trained.

(2) We are not employing any female labourer direct in the factory but pay them piece work wages for such work as linking socks and stockings, putting fringes to mufflers, sewing hose top ends, etc. Which they do at home. It is not possible to give an accurate figure of such indirectly employed hands.

(3) The average wages paid in the different departments is as follows:—  
Power machine operators Rs. 30 per mensem, hand driven machines Rs. 20 per mensem, winding Rs. 10 per mensem, sewing Rs. 20 per mensem, dyeing Rs. 20 per mensem, dressing Rs. 10 per mensem.

(4) Excepting for the hand sock machines which is on piece work we are paying monthly wages in all other departments of our factory.

(5) We do maintain a definite standard of efficiency. Nearly 50 per cent. of our labour attains to the average efficiency standard.

(6) We have no knowledge of the degree of efficiency maintained in the factories of the competing countries. We hear that they attain high degree of efficiency.

10. Our factory has been in existence for the last two years. The total expenditure so far of the different items has been as follows:—

	Rs.	A.	P.
1. Yarn (Merino Rs. 15,000, Cross-bred Rs. 5,000)	20,000	0	0
2. Wages of labours	6,000	0	0
3. Electric power	257	4	3
4. Spares parts	1,030	1	0
5. Water-tax	18	12	9
6. Dyeing, repairs, fuel and sundry expenses	3,008	6	0
	30,314	8	0
Less price of wastage sold	46	3	0
	30,268	5	0
7. Rent and sale commission	1,026	3	0
8. Depreciation 10 per cent., interest 4 per cent. : 14 per cent. on Rs. 15,000 cost of machinery for 2 years' period	2,100	0	0
9. Interest on Rs. 10,000 at 4 per cent. as working capital for 2 years' period	400	0	0
Total Expenditure	30,794	8	0

11. In each individual case, cost of yarn *plus* proportionate average manufacturing cost and proportionate average overhead charges constitute the average cost price of each class of articles.

12. Maximum output of hosiery goods of our factory is approximately of the value of 1½ lakhs annually, but we never find an occasion to run all the machines throughout the year due to the severe Japanese competition.

13. We can only use imported yarn as Indian yarn in the State is assessed at Rs. 20 per cent. The following is the quantity of different yarns purchased by us for the period 1½ year:—

	Lbs.
Marino count 2/32 . . . . .	5,000
Marino count 2/64 . . . . .	500
Cross-bred 2/16 . . . . .	3,000

The price paid by us for the Marino quality has been ranging between Rs. 2-4 to Rs. 2-12 per lb. and cross-bred Re. 1 to Re. 1-8 per lb. Marino 2/64 ranged between Rs. 2-10 to Rs. 3 per lb.

14. Hitherto there has been no income-tax in the State. It has now been levied but the rate of depreciation allowed by the Income-tax authorities is not yet known. It is, however, reasonable to believe that it will be about the same as is in force in British India.

(a) The building is hired.

(b) 10 per cent.

15 & 16. The Tariff as passed last year has not at all assisted our industry, the prices of the Japanese hosiery goods in the markets are the same as they were before the passing of the Tariff bill.

17. We are not meeting any competition from Indian Factories or factories of foreign countries excepting Japan. The severest competition is felt by us in the following articles:—Woollen socks, mufflers, pullovers, cotton underwears and cotton socks.

18. The wastage of yarn in knitting process is about ½ oz. for each pound and about 1 oz. for every pound in tailoring. The price realized for this wastage is negligible; it hardly comes to one (1) per cent. of the cost price of the yarn.

19. The capital is subscribed by the partners and 4 per cent. as interest is debited to the cost of manufacture.

20. We don't find we are in any way under a disadvantage in comparison with foreign manufacturers with regard to the question of railway freight or other transport charges.

21. In our opinion the directions in which improvements are possible and reductions can possibly looked for are:—

(a) Improvement in the standard of efficiency. At present standard of efficiency is as stated before about 50 per cent. Higher efficiency will ultimately reduce the cost of production.

(b) When protection has been granted, the market for our products will widen, we shall be able not only to run the present factory at its full capacity but will have scope to enlarge it so as to manufacture hosiery goods on a large scale. This will make possible further economies by:—

(1) Reduction in overhead charges.

(2) Reduction in supervision charges.

(3) More economical purchases of raw material and more economical handling of manufactured goods.

(4) Reduction in the sales commission.

(c) Accumulation of manufacturing experience and availability of large supply of skilled labour will also be instrumental in reducing the cost of production.

(d) Decrease in the wastage in the processes of manufacture and the utilization of waste.

22. (i) In our opinion it should take the form of both specific and *ad valorem* duties.

(ii) As stated before, Japanese imported socks sell 25 per cent. cheaper than our goods. If the duty be raised by 25 per cent. over and above the present rate of duty, it will simply bring the price of the imported Japanese goods to the level of present prices of our products. There is, however, every possibility that as soon as duty is raised the Japanese export trade will further lower the rates in order to defeat the object of raising the duty. It is therefore absolutely necessary to provide high percentage of protection. The minimum of 35 per cent. *ad valorem* or specific duty equivalent to 35 per cent. *ad valorem* should be raised.

(iii) In our opinion the protection can serve no useful purpose unless it is granted for a minimum period of five years.

(iv) Classes on which rates should be levied should include—

(a) All-wool hosiery.

(b) Woollen hosiery (mixture of cotton and wool).

23. India does not manufacture really first rate hosiery machinery. Some round machines, however, can be obtained here. The machines are not very durable. The parts of foreign machinery can be obtained from the local agents of foreign firms or ordered through them from abroad.

24. We dispose of our products through the approved agents for different parts of the State. Our chief market is Kashmir.

25. (a) & (b) Our factory works throughout the year at  $\frac{1}{4}$  of its full capacity.

(c) We work wool for about ten months and cotton for two months only. We distribute our overhead charges on the cotton goods the period we are engaged in manufacturing these articles.

### **The Fine Knitting Co., Ltd., Ahmedabad.**

*Letter dated the 3rd April, 1935.*

*Re WOOLLEN ENQUIRY QUESTIONNAIRE FOR HOSIERY MANUFACTURERS.*

Referring your letter No. 182 of the 9th instant we beg to give the following informations:—

1. (a) In 1910.

(b) In 1910 Rs. 60,405, in 1920 Rs. 1,30,000, in 1925 Rs. 5,09,695, in 1929 Rs. 7,05,330.

(c) In 1910 Rs. 64,174, in 1920 Rs. 1,27,098, in 1925 Rs. 1,23,612 and in 1928 the capital was reduced from Rs. 125 to Rs. 30 and new shares of Rs. 30 given to creditors, and the block capital in 1929 was written down to Rs. 7,70,390.

2. The Factory is owned by a Limited Company and the balance sheets for the years 1931, 1932 and 1933 are appended herewith.

3. (a) The plant consists of 9,000 spindles with preparatory machinery for cotton yarn, 9 winding machines with 700 spindles, 80 knitting machines, 60 sewing machines, calenders steam presses, hydro-extractor dyeing tanks, bleaching kiers and bleaching tanks, etc.

(b) Power is used in all departments except cutting and bundling departments, and (ii) 470 persons are employed.

(c) 377 average.

4. As in Schedule I.

5. We manufacture cotton yarn in our factory and import woollen yarn from England, France and Japan through agents to whom we pay about 2 per cent.

6. This is impossible for a manufacturer to get correct informations from a merchant or a commission agent, but the Tariff Board is in a good position to get all informations from the Custom authorities. Moreover, now-a-days Japanese woollen yarn is cheaper and better in quality which is liable

to 30 per cent. Custom duty and the Japanese all-wool articles are liable to only 35 per cent. Custom duty, the difference being only 5 per cent. which is not at all sufficient to protect Woollen Hosiery Industry in India where the climate and efficiency in working are lacking. Also Indian woollen yarns are dearer in prices and lower in qualities than those of Japan. We can compete with imported articles in quality but, cannot in prices.

7. Not only foreign goods in mixtures compete with our pure wool articles but foreign cotton articles of apparel (Coats, pullovers, etc.) compete with our product in mixtures as a layman cannot distinguish between the two articles; we send two samples for your examination.

8. You will find from Schedule B which is appended herewith that our product in pure wool and mixed articles is decreased considerably in years 1933 and 1934 than previous years. Please note that at end of the year 1932, that is, on the 27th December, 1932, our whole of Knitting Department was destroyed by fire and after 5 months, the department was set right for working.

9. (i) We do not get skilled labour but we have to train fresh men for the job.

(ii) 5 males to 1 female.

(iii) In winding department about As. 12 per head per day, in knitting department Re. 1-2 per head per day, in sewing department Re. 1-8 per head per day, in cutting department Re. 1 per head per day, in finishing department As. 14 per head per day, in bleaching and dyeing department As. 13 per head per day.

(iv) In sewing and cutting departments wages are on piece work and in other departments daily wages.

(v) As the workman advances in skill, he gets something more every year and the limit of standard is Rs. 2 per day.

(vi) We have no knowledge.

10. As our spinning and knitting departments are mixed up, we cannot give separate expenditure for hosiery department.

11. We allocate charges on the value of raw materials used.

12. 500 dozens a day.

13. We append herewith Schedule C, but we cannot separate count or qualities.

14. *Depreciation*.—5 per cent. on machinery and 2½ per cent. on building is allowed by the Income-tax Officer here and we provide the same percentages in our accounts.

15. No effect whatsoever but the depreciated Yen of Japan has jeopardized our products.

16. Only in articles made of the mixture of about 30 per cent. wool and 70 per cent. cotton and below.

17. In cotton apparel and pure wool articles of foreign make and no competition from other Indian factories.

18. Each class of hosiery articles has its own percentage of wastage but the average percentage is 25 per cent. wastage, including winding, knitting, bleaching, cutting and sewing. Generally market value of hosiery waste is Rs. 3 per cwt.

19. On current account with Shroffs and deposits from the public. Average interest is 6 per cent. per annum. In proportion to the value of raw material.

20. As regards our factory is concerned, the Railway freight disadvantages adds to the value of finished goods to the extent of 1½ per cent. before reaching the Bombay Market, wherefrom our goods are distributed to other merchants in India. We arrive at this percentage as under:—Reckoning average weight per dozen in woollen goods made by us is 10 lbs. per dozen.

*Railway freight on Raw Material, i.e., woollen yarn from Bombay to Ahmedabad. Invoice No. 1246, dated the 8th March, 1935, ex-Bombay Central to Asarva.*

Bales.	lbs.	Railway freight and clearing charges Rs. 120 at 4½ pies per lb.	On 10 lbs., i.e., yarn meant for one dozen.
25	5,000		Rs. 0-3-9

*Railway freight on finished goods ex-Ahmedabad to Bombay—  
Invoice No. 1407, dated the 18th January, 1935—*

Case.	doz.	Railway freight and forwarding charges Rs. 3-1-0.	Rs. 0-3-3
1	15		Rs. 0-7-0

Average cost per dozen Rs. 30, therefore 1.50 per cent.

21. If the due protection be given to the hosiery industry for a period of 15 years, it is certain that new methods will be developed, the industry will grow, the inner competition will bring the prices down and so the interests of consumers will also be secured.

22. We therefore consider that protection should be given:—

- (i) By levying a protection duty on foreign manufactured goods imported in India.
- (ii) (a) Non-British: Rs. 2 per lb. by weight or 50 per cent. whichever is higher. British 40 per cent. but that a difference of 20 per cent. be maintained between the import duties applicable to yarn and finished goods.
- (b) Cotton knitted pullovers, coats, sweaters and other outerwear which at present pass at a low rate of 35 per cent. duty as apparel indirectly compete with woollen mixed goods and should therefore be subjected to the correct rate of 12 annas per lb., specific duty as applicable to other cotton hosiery.
- (iii) For 15 years.
- (iv) Woollen knitted apparel, mufflers, socks, stockings and woollen shawls.

23. For the present machinery and machinery parts are not available in India, but we think in future there will be factories in India to manufacture those machines suitable for hosiery articles. In Ludhiana a beginning is made in that direction.

24. We dispose of our products by appointing commission agents in big cities. Our chief market is Bombay.

25. From June to December our factory gets full work and from January to May we work on cotton articles only.

# SCHEDULE B.

Woolen and Cotton Hosiery goods produced in dozens in 5 years from 1930 to 1934.

	1930.			1931.			1932.		
	Pure Wool.	Mixed Woolen.	Cotton.	Pure Wool.	Mixed Woolen.	Cotton.	Pure Wool.	Mixed Woolen.	Cotton.
Coats	498	3,626	2,050	1,220	6,646	2,423	1,280	9,500	2,522
Pullovers	129	500	635	250	1,494	1,194	639	1,250	1,346
Sweaters	1,660	100	18,685	1,418	10	16,443	1,243	708	22,046
Underwears	45	1,200	12,000	25	1,073	9,255	36	2,274	6,550
Jerseys	..	8,687	..	..	12,800	..	..	16,420	..
Socks	26	..	..	391	..	..	920	..	..
Caps	..	..	..	444	..	..	562	230	..
Mufflers	125	500	..	479	150	..	418	350	..
<b>TOTAL</b>	2,423	14,513	33,270	4,227	21,673	29,815	5,098	30,732	31,664

	1933.			1934.		
	Pure Wool.	Mixed Woolen.	Cotton.	Pure Wool.	Mixed Woolen.	Cotton.
Coats	565	5,926	1,444	1,071	9,000	8,360
Pullovers	259	509	348	628	1,325	1,140
Sweaters	557	66	9,200	660	160	19,580
Underwears	..	818	4,762	203	400	23,453
Jerseys	..	5,037	..	..	4,074	932
Socks	82	..	..	105	..	..
Caps	147	170	..	..	522	..
Mufflers	5	..	..	280	..	..
<b>TOTAL</b>	1,615	12,266	15,762	2,947	15,481	53,467

## SCHEDULE C.

*Indian and Foreign Woollen Yarns used in our Mills in 5 years from 1930 to 1934.*

Years.	Indian.	French.	English.	Japanese.	Total.	Total value.	
	lbs.	lbs.	lbs.	lbs.	lbs.	Rs.	A. P.
1930 . . . .	..	65,096	..	..	65,096	1,23,318	5 11
1931 . . . .	2,213	90,269	..	..	92,482	1,41,587	1 4
1932 . . . .	31,991	59,991	..	..	91,982	1,42,473	1 5
1933 . . . .	..	15,877	9,263	3,600	28,740	51,316	2 6
1934 . . . .	10,030	9,823	409	17,203	37,465	75,211	8 10



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### General Questionnaire issued by the Tariff Board.

**NOTE.**—This questionnaire is intended primarily for importing houses, and piecegoods merchants. Question 3 has already been asked, in a different form, in a communication to certain Chambers and Associations, and need not be answered by those who have already dealt with that communication.

1. What are your principal lines of imports of woollen goods? From which countries do you import them? In what proportions?
2. What classes of your imports have shewn a tendency to increase or decrease in recent years, say, in the last 5 years?
3. Please state for as many years as you have records the c.i.f. and wholesale market prices at port of your principal typical imports, comparable with the Indian products (as illustrated in the enclosed statement). Landing and other charges and duty should be shewn separately. Please give the causes of any considerable variations during these years. Do the changes correspond to changes in general wholesale prices?
4. How do you regard these imported goods as comparing in price and quality with the comparable Indian goods? Illustrate your answer with reference to a selected typical article.
5. What are the usual terms of business for the handling of imported goods?
6. What is the usual procedure for the distribution of foreign goods to the up-country markets? What are the freight charges to your principal markets and commissions paid to middlemen, if any?
7. Have you any reason to suppose that the prices at which foreign producers sell for export to India are below the cost of production? Are there to your knowledge any special factors existing to account for the intensive competition from certain foreign countries during the last few years, factors which are not likely to continue indefinitely?
8. It has been said that Indian production is unable to meet the modern Indian demand for a superior or more attractive class of goods. Given an assured market, do you think the Indian mills will be able to meet this demand in the near future?
9. It is alleged that imported articles of shoddy or of mixed materials are competing indirectly with pure wool Indian articles. Can you express in terms of money value the intrinsic difference of quality between them? Please attempt to do this in respect of selected competing articles.
10. Is it your experience that imports of articles containing a mixture of pure wool and shoddy and wool and cotton have been stimulated by the recent changes in the wool tariff?
11. Have you any knowledge that articles manufactured wholly or partly of synthetic wool from jute have been imported into India?
12. Are there any recognized differences of quality between Japanese, French, Italian, English and other European imports of the same class?
13. Do you consider that the signs of a growing preference on the part of Indian consumers for cheaper qualities of wool goods than those ordinarily produced in India are due to decreased purchasing power?
14. Can you state from your experience whether there is taking place an increased demand for articles made of wool?
15. What has been the effect of the successive increases of duty since 1931 on your sales and market prices?
16. What in your opinion has been the effect of the Re. 1-2 minimum specific duty? Do you know if it has adversely affected any imports which do not compete with Indian goods and if so, which?
17. The great bulk of Indian wools can be used only for the coarsest woollen textiles and carpets. Have you any suggestions to make for the

improvement of Indian wools? Are you in favour of a small tax on imports of raw wool to be devoted to this purpose? To what extent is improvement to be expected by better methods of breeding and feeding?

18. Do you know anything of the trade in "lambs wool" which it is alleged results in the destruction of the ewes? Would you be in favour of its suppression?

19. Do you know anything of the managing agency system in relation to the woollen mill industry? Have you any reason to suppose that the system has affected the industry adversely?

20. Do you know anything of the marketing methods prevalent in the industry? Have you any suggestions to make for the improvement of those methods?

21. Have you any reason to suppose that the present organisation of the mill industry is ill adapted to meet foreign competition and do you think that some rationalisation with a view to specialising in particular products could be introduced?

22. Has any material change taken place since 1932 in the exchange factor, affecting the power of any foreign manufacturer to compete in India?

23. Do you regard the wool industry as being one of the industries of national importance, in the sense that "they are essential for purposes of national defence, and as such should, if necessary, be adequately protected, irrespective of the general conditions laid down for the protection of industries" (Fiscal Commission's Report)?

24. Do you regard the Industry as satisfying the 3 major conditions laid down by the Fiscal Commission?

25. If it be found essential for the safeguarding of the woollen textile industry that some protection should be given, what in your opinion would be—

- (i) the form it should take,
- (ii) the period for which it should be imposed,
- (iii) the imported goods against which protection should be given?

Please consider in your answer the effect of your proposals on the handloom and hosiery industries.

26. Do you consider it proper that protection should be given against goods of mixed wool and other materials and against qualities of materials which are not made in India but which indirectly compete against Indian goods in the sense that they are preferred by the Indian consumer? If so, what proportion of wool in a mixed fabric would you regard as sufficient to justify its treatment on the same lines as a pure wool fabric for customs purposes?

27. If you are in general opposed to protection being given to the industry, would you be in favour of a temporary protection in order to enable the industry to adapt itself to the changes which have apparently taken place in the tastes of the consumer?

N.B.—A separate statement is required only for such country as is of importance in the market for a particular article, United Kingdom, Germany, France, Italy, Japan, Poland and Czecho-Slovakia. It should be stated whether the prices are o.i.f. port or market prices.

Weight Oz.                      Size or Width.

(a) Woollen Cloths—

(i) Tweeds . . . . .	16 to 20	54"
(ii) Blazer cloth . . . . .	14 to 18	54"
(iii) Melton . . . . .	16 to 20	54"
(iv) Grey Oxford . . . . .	About 32	54"
(v) Khaki Coat . . . . .	28 to 32	54"
(vi) Broad cloth . . . . .	About 24	54"

	Weight Oz.	Size or Width.
(b) Serges—		
(i) Worsted warp and woollen weft . . . . .	16 to 18	54"
(ii) Khaki drab . . . . .	18	54"
(c) Worsted—		
(i) Serges or coatings . . . . .	8 to 16	54"
(ii) Shawl cloth . . . . .	About 6	
(iii) Shawls or lohies . . . . .	32	108" × 54"
(iv) Shawls or lohies . . . . .	20	100" × 50"
(v) Shawls or lohies . . . . .	16	90" × 45"
(d) Yarns—		
(i) Worsted yarn . . . . .	2/20s up to 2/64s warp. 1/16s up to 1/40s weft.	
(ii) Hosiery yarn . . . . .	2/10s up to 2/64s and 3/10s up to 3/60s.	
(iii) Knitting yarn . . . . .	3/7s up to 3/16s or 4/7s up to 4/16s.	
(e) Blankets and rugs of selected types.		
(f) Hosiery of selected types.		



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# Bengal Chamber of Commerce, Calcutta.

(1) Letter No. 10-A., dated the 26th January, 1935.

## SAMPLES OF WOOLLEN GOODS.

I am directed by the Imported Cloth and Yarns Sub-Committee of the Chamber to inform you that the Chairman of the Sub-Committee has recently been approached by Sir Thomas Ainscough, the British Trade Commissioner, with a view to obtaining for the use of the Tariff Board a representative collection of samples of imported woollen goods together with their relative prices. The Sub-Committee assisted by Mr. C. H. Moss of the Bradford Dyers Association Ltd., have obtained a range of samples of imported woollens, and I am forwarding the collection to you under separate cover. The samples are marked with distinguishing marks as per the attached list and the relative specification of each sample is also shown in the list.

### List of samples.

Sample Mark.	Style.	Width.	Weight per yard.	Market price per yard.	Country.
		Inches.	Ounces.	Rs. A. P.	
A	Tweed . . . . .	54	16	4 0 0	U. K.
B	Blazer Cloth . . . . .	52	20	2 8 0	Italy.
C	Melton . . . . .	52	21	1 3 0	Poland.
D	Melton . . . . .	52	20	1 6 0	Italy.
E	Melton . . . . .	52	22	1 5 0	Italy.
F	Khaki Coating . . . . .	54/5	26	2 0 0	Italy.
G	Serge . . . . .	52	14	3 3 0	Japan.
H	Serge . . . . .	54	17	6 8 0	U. K.
I	Serge . . . . .	54	9	3 8 0	U. K.
J	Serge . . . . .	54	9½	3 8 0	France.
K	Serge . . . . .	54	14	5 6 0	U. K.
L	Shawl Cloth. . . . .	48	6	1 2 0	Japan.
M	Rug . . . . .	54" x 108" including fringes.	5½ lbs.	5 14 0 per rug.	Italy.
N	Serge . . . . .	54	6½ oz.	1 12 0	Japan.
O	Serge . . . . .	54	8 "	3 8 0	U. K.
P	Gabardine . . . . .	54	10 "	4 0 0	U. K.
Q	Gabardine . . . . .	52	9 "	2 12 0	Japan.
R	Cashmere . . . . .	52	9 "	3 4 0	Japan.
S	Cashmere . . . . .	52	7 "	4 8 0	U. K.
T	Fancy . . . . .	52	6½ "	1 12 0	Japan.
U	Fancy . . . . .	52	6½ "	1 12 0	Japan.
V	Face Cloth . . . . .	54	1 lb.	2 8 0	Italian.
W	Face Cloth . . . . .	54	11½ oz.	2 12 0	Japan.
X	Face Cloth . . . . .	54	10½ "	2 8 0	Japan.
Y	Face Cloth . . . . .	54	1 lb. ½ oz.	4 0 0	U. K.
Z	Tweed . . . . .	18	12½ "	2 10 0	U. K.

(2) Letter No. 16-A., dated the 7th February, 1935, from the Bengal Chamber of Commerce, Calcutta.

SAMPLES OF IMPORTED WOOLLEN GOODS.

I am directed to acknowledge receipt of your letter No. 87, dated the 31st January, 1935, and, in compliance with the request made therein, I enclose herewith an amended list of the samples, having now inserted an additional column giving the c.i.f. prices of the articles named. In this connection I am to point out that, through an error, the width of sample "Z" was shown as 18" in my previous list instead of 54". You will observe that this has been corrected in the amended list.

List of samples.

Sample Mark.	Style.	Width.	Weight per yard.	Market price per yard.	C.i.f. Price.	Country.
		Inches.	Ounces.	Rs. A. P.	s. d.	
A	Tweed . . . .	54	16	4 0 0	4 2	U. K.
B	Blazer Cloth . . . .	52	20	2 8 0	*	Italy.
C	Melton . . . .	52	21	1 3 0	1 3	Poland.
D	Melton . . . .	52	20	1 6 0	1 7	Italy.
E	Melton . . . .	52	22	1 5 0	1 6	Italy.
F	Khaki Coating . . . .	54/5	26	2 0 0	1 11	Italy.
G	Serge . . . .	52	14	3 3 0	*	Japan.
H	Serge . . . .	54	17	6 8 0	6 7	U. K.
I	Serge . . . .	54	0	3 8 0	3 7½	U. K.
J	Serge . . . .	54	6½	3 8 0	3 8	France.
K	Serge . . . .	54	14	5 6 0	5 8	U. K.
L	Shawl Cloth . . . .	49	6	1 2 0	*	Japan.
M	Rug . . . .	54" x 108" including fringes.	5½ lbs.	5 14 0 per rug.	7 0	Italy.
N	Serge . . . .	54	6½ oz.	1 12 0	1 6	Japan.
O	Serge . . . .	54	8 "	3 8 0	3 9	U. K.
P	Gabardine . . . .	54	10 "	4 0 0	4 2	U. K.
Q	Gabardine . . . .	52	9 "	2 12 0	2 4	Japan.
R	Cashmere . . . .	52	9 "	3 4 0	2 8	Japan.
S	Cashmere . . . .	52	7 "	4 8 0	4 9	U. K.
T	Fancy . . . .	52	6½ "	1 12 0	1 6	Japan.
U	Fancy . . . .	52	6½ "	1 12 0	1 6	Japan.
V	Face Cloth . . . .	54	1 lb.	2 8 0	2 1	Italian.
W	Face Cloth . . . .	54	11½ oz.	2 12 0	2 4	Japan.
X	Face Cloth . . . .	54	10½ "	2 8 0	2 1	Japan.
Y	Face Cloth . . . .	54	1 lb. ½ oz.	4 0 0	4 2	U. K.
Z	Tweed . . . .	54	12½ "	2 10 0	2 10	U. K.

\* Not known.

(3) *Letter No. 482—1935, dated the 21st February, 1935, from the Bengal Chamber of Commerce, Calcutta.*

I am directed by the Committee of this Chamber to acknowledge the receipt of your letter No. 22, dated the 14th January, 1935, with which you forwarded a copy of the general questionnaire issued by your Board in connection with their enquiry into the claims of the woollen textile industry for protection.

2. The Chamber Committee have examined the questionnaire, in consultation with the Imported Cloth and Yarn Sub-Committee, and I have now to communicate to you the views of that Sub-Committee, in regard to the questions raised, from the standpoint of importers. The questionnaire consists of 27 questions the first six of which refer to matters which can best be dealt with by the bazar importers. No opinion is therefore expressed herein in regard to these questions 1 to 6, and no opinion is offered in regard to issues involved in questions 17 to 22 both inclusive. The replies to the remaining questions are as follows:—

With regard to question 7 the Sub-Committee see no reason to suppose that the prices at which foreign producers sell for export to India are below the cost of production. There are no special factors which account for extensive competition so far as the Sub-Committee are aware.

In answer to question 8 the Sub-Committee would state that even if the importation of all foreign goods were stopped the Indian mills would be unable to meet the modern demand for the superior class of woollen goods. The Sub-Committee are of the opinion that only an excessively high import duty would suffice to keep out foreign woollens of the high grade kind and that the effect of the imposition of a sufficiently high duty would be merely to kill the trade in fine woollens for the Indian mills would not succeed in capturing this market.

As regards question No. 9 the Sub-Committee are not in a position to express in terms of money value the intrinsic difference of quality between imported articles of shoddy and pure wool and Indian made articles.

In question 10 enquiry is made whether imports of admixtures of wool and shoddy and wool and cotton have been stimulated by the recent changes in the wool tariff. The Sub-Committee state that there has been no stimulation of imports of such articles.

*Question No. 11.*—The Sub-Committee have no knowledge whether articles of synthetic wool have been imported into India.

*Question No. 12.*—In the opinion of the Sub-Committee there is no recognised difference in quality between Japanese, French, Italian, English or other European imports of the same class.

*Question No. 13.*—There are definite signs that the masses in India who previously could not afford to buy woollen goods of any sort on account of the high cost of such goods are now able to purchase the cheap woollens which are now available and which have been brought within the price range of a poorer and larger community. Many of the cheaper imported woollens represent such a very good value for money that if the effect of an increase in the import duty were to increase the cost of these cheap woollens, a very large number of poor class of consumers would be forced to discontinue buying woollen goods and would suffer very real hardship during the cold weather months in India.

*Question No. 14.*—There is, as has been stated in reply to question 13, a definite and substantial increase in the demand for articles made of wool.

*Question No. 15.*—The effect of the successive increases of duty has been to reduce the sales of French, Italian and British woollen goods and to favour the sale of Indian made woollen goods and to encourage the use of cheap Japanese woollens got up in the same styles as French and Italian goods but in the cheaper qualities.

*Question No. 16.*—The Sub-Committee consider that the minimum specific duty of Re. 1-2 has not adversely affected imports which do not compete with Indian made goods. At the same time the Sub-Committee would point out that in practice the system whereby the duty is calculated on the weight or value whichever is higher creates a distinct hardship so far as the importer is concerned for he is unable under the system to budget in his cost for the exact amount of the duty and as a result it frequently happens that the importer is out of pocket. The specific duty carries with it all the disadvantages of such a form of duty explained in chapter XIV of the Fiscal Commission's Report.

*Question No. 23.*—The Sub-Committee do not consider that the wool industry should be regarded as one of the industries of national importance in the sense referred to in this question.

*Question No. 24.*—The Sub-Committee are of the opinion that the Indian woollen industry does not satisfy the three major conditions laid down by the Fiscal Commission.

*Question No. 25.*—The Sub-Committee for the reasons mentioned in question No. 24 is not in favour of protection. If, however, it is decided that some measure of protection shall be given then

(i) In the opinion of the Sub-Committee the maximum amount of protection that should be given if it be found essential that the woollen industry be safeguarded, should be 25 per cent. This would be ample except in the particular cases of countries whose currency is depreciated when it might be necessary to have an exchange compensating duty scaled in such a way as to ensure that the effective duty will be not less than the duty in force against countries, whose currency is not below Indian parity.

(ii) The protection should not be given for a period exceeding 3 years after which the effect of the protection should be reviewed. It is not considered that a period as long as that recommended by the Tariff Board in 1932 in respect of the Indian Textile Industry, viz., 10 years should be given in this case as the conditions are so very different in the two industries.

(iii) Protection if given should be against all classes of imported woollen goods excluding goods from United Kingdom.

*Question No. 26.*—If protection is decided upon it should be given against goods of mixed wool and other materials. The protection should not extend to qualities of materials which are not made in India but which are preferred by the Indian consumer as the immediate benefit to the Indian producer would be wholly incommensurate with the burden imposed on the Indian consumer.

*Question No. 27.*—The Sub-Committee is, in general, opposed to protection being given to the woollen industry and is also opposed to a temporary protection, subject to the qualification made in the Sub-Committee's reply to question 25 (i) relative to countries whose currency is depreciated.

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(4) *Letter No. 29-A., dated the 3rd April, 1935, from the Bengal Chamber of Commerce, Calcutta.*

#### STATISTICS RELATING TO THE WOOLLEN INDUSTRY OF JAPAN.

I am directed by the Imported Cloth and Yarns Sub-Committee of this Chamber to forward to you the accompanying copies of statistics relating to the woollen industry of Japan received from the Nagoya Woollen Textile Manufacturers' Association as it is thought that the statistics may be of interest to the Tariff Board in connection with their enquiry into the claims of the woollen textile industry of India.

## Enclosure No. 1.

*Comparison with numbers of factories, looms and employees in whole Japan and Archi Prefecture (included Nagoya and its suburbs) of the Woollen Textile Trade.*

Year.	ARCHI PREFECTURE.			WHOLE JAPAN.		
	Factories.	Looms.	Employees.	Factories.	Looms.	Employees.
1926 . .	678	9,617	10,405	867	19,527	36,219
1927 . .	717	8,904	10,327	878	29,435	40,883
1928 . .	697	10,024	11,569	852	22,693	40,342
1929 . .	780	9,612	10,898	924	21,289	39,020
1930 . .	805	9,957	11,140	960	21,497	34,562
1931 . .	873	11,813	13,665	1,039	22,484	37,955
1932 . .	944	13,586	16,081	1,138	26,554	41,606
1933 . .	..	14,726	17,321	..	..	..

## Enclosure No. 2.

*Production in Japan of Woollen Tissues.*

Calen- dar Year.	Muslins.	Serges for Kimono.	Suitings.	Flannels.	Other values.	Total values.
	Meter.	Meter.	Meter.	Meter.	Yen.	Yen.
1929 .	151,399,593	25,677,863	26,064,619	2,498,975	24,498,084	210,512,310
1930 .	140,413,695	28,724,040	25,645,488	2,874,911	18,133,340	164,584,030
1931 .	147,817,541	35,937,088	27,880,033	3,460,173	17,666,610	153,824,442
1932 .	164,580,936	32,481,305	34,370,761	4,132,697	15,900,351	167,010,054
	Yards.	Yards.	Yards.	Yards.		
1933 .	145,397,888	34,169,558	44,201,364	3,604,839	18,487,068	188,239,986

Unit . . Meter for 1929, 1930, 1931 and 1932.

Unit . . Yard for 1933.

Values . . Yen not changeable.



## Enclosure No. 3.

*Import of Woollen Tissues, Yarns and Raw Wool into Japan.*

Calendar Years.	Woollen.	Tissues.	Others.	Total.	Carpet and rugs.	Grand Total.
	Sq. yd.	Yen.	Yen.	Yen.	Yen.	Yen.
1932 . . .	6,780,176	10,118,525	369,323	10,487,848	173,758	10,661,606
1933 . . .	4,537,640	7,047,930	164,672	7,212,602	123,572	7,336,174
1934 . . .	3,414,643	5,081,469	117,321	5,198,790	117,633	5,316,423

	Worsted Yarns.		Raw Wool.	
	lbs.	Yen	lbs.	Yen.
1932 . . . . .	2,911,297	4,601,646	206,858,189	88,321,325
1933 . . . . .	1,505,416	2,765,890	242,620,492	165,818,040
1934 . . . . .	828,569	1,524,890	184,379,221	187,679,981

## Enclosure No. 4.

*The conditioned quantities of Woollen Tissues by Archi Prefectural Conditioning House for three years.*

	1932.	1933.	1934.
	Lenial meter.	Lenial meter.	Lenial meter.
Serges (pure) . . . . .	9,002,108	11,465,493	14,731,123
„ (mixed) . . . . .	574,441	1,404,348	1,937,831
Fancy and figured . . . . .	6,436,182	9,407,582	12,347,286
Tweeds . . . . .	557,290	1,332,503	1,130,572
Gabardine (pure) . . . . .	846,202	1,347,733	2,650,738
„ (mixed) . . . . .	378,504	550,720	588,323
Porol (pure) . . . . .	459,159	576,563	802,251
„ (fancy) . . . . .	177,895	163,225	318,681
Plain weaves . . . . .	505,022	825,226	1,129,156
Barathea . . . . .	331,971	620,613	515,857
Flannels . . . . .	169,656	486,853	403,320
Meltons (thin) . . . . .	2,591,633	2,512,407	1,706,724
„ (thick) . . . . .	1,386,023	2,188,914	2,767,969
Low serges . . . . .	241,779	221,853	179,487
Others . . . . .	182,264	353,617	263,105
TOTAL . . . . .	23,837,129	33,357,650	41,472,423
Cashmere Trouserings . . . . .	160,407	388,760	749,539
GRAND TOTAL . . . . .	23,997,676	33,746,410	42,221,962
Export . . . . .	2,894,940	5,644,291	13,217,738

Finished goods of woollen tissues of more than 140 C. M. width (Alpaca linings of 137 C. M. width striped cashmere trouserings of 74 C. M. width more and curtain cloths of 91 C. M. width more) and non-finished goods of more than 14 C. M. should be conditioned in Archi Prefecture Conditioning House (of course for the goods produced in Archi Prefecture).

Enclosure No. 5.

*Production of Woollen Tissues in Archi Prefecture (includes Nagoya and its suburbs.)*

Calendar years.	Muslins.	Serges for Kimono.	Flannels.	Suitings.	Others.	Total.
	Yds.	Yds.	Yds.	Yds.	Yen.	Yen.
1930 .	6,340,806	26,998,473	1,852,609	17,166,798	6,076,243	73,277,369
1931 .	7,546,136	36,271,235	2,544,198	20,754,975	3,318,681	75,569,964
1932 .	6,417,661	39,957,863	2,986,918	26,312,054	2,155,317	81,445,487
1933 .	3,566,787	20,172,530	2,399,613	34,178,511	9,552,267	107,804,763
1934 .	3,876,492	25,833,610	*	45,441,966	9,975,639	144,876,306

\* Included others.

Enclosure No. 6.

*Export of Woollen Tissues, Yarns and others from Japan (A).*

Calendar years.	Muslins.	Suitings.	Blankets and Rugs values.	Others values.	Total values.	Yarns.	Grand Total values.
	Sq. yd.	Sq. yd.	Yen.	Yen.	Yen.	lbs.	Yen.
1932 .	1,516,808	2,854,437	198,174	1,379,669	4,679,040	1,289,489 (Yen 1,697,219)	6,376,259
1933 .	2,559,643	7,654,277	393,595	3,157,142	12,770,572	3,168,131 (Yen 5,292,911)	18,063,483
1934 .	4,102,197	16,120,263	571,810	8,564,863	30,420,530	5,919,026 (Yen 12,184,682)	42,605,212

Enclosure No. 7.

*Export of Woollen Tissues from Japan (B).*

Destination.	1934.	1933.	1932.
	Values Yen.	Values Yen.	Values Yen.
Manchukuo . . . . .	1,604,276	1,390,157	*
Kangtongchu . . . . .	8,496,275	6,208,313	3,085,833
China . . . . .	2,984,173	1,691,657	459,168
Hongkong . . . . .	889,779	42,505	6,075
India (included Ceylon) . . . . .	8,465,551	1,673,001	619,002
Straits Peninsula . . . . .	629,121	157,873	17,046
Dutch India . . . . .	1,602,102	551,898	78,092
Egypt . . . . .	2,860,617	279,524	*
Others . . . . .	2,888,636	775,544	413,824
TOTAL . . . . .	30,420,530	12,770,572	4,679,040

\* Included others.

Enclosure No. 8.

*Export of Woollen Yarns from Japan (C).*

Destination.	1934.		1933.		1932.	
	Lbs.	Yen.	Lbs.	Yen.	Lbs.	Yen.
Manchukuo . . . .	732,366	1,381,343	723,693	1,276,999	*	*
Kangtongchui . . . .	493,525	908,941	546,909	862,357	416,323	523,182
China . . . . .	1,482,827	3,031,895	671,461	1,097,720	581,415	754,519
Hongkong . . . . .	98,901	212,750	31,371	50,100	18,999	28,403
India (included Ceylon) . . . .	2,191,462	4,607,429	825,609	1,360,394	213,149	306,094
Straits Peninsula . . . .	12,854	22,737	2,563	4,310	147	202
Dutch India . . . . .	149,200	233,487	73,055	114,630	*1,676	*2,770
Great Britain . . . . .	42,122	99,562	54,255	94,369	*	*
Germany . . . . .	41,223	96,710	2,242	4,175	..	..
Italy . . . . .	34,831	72,637	..	..	..	..
Argentina . . . . .	143,462	336,817	149,758	272,059	*	*
Egypt . . . . .	32,566	75,935	2,054	4,543	*	*
Others . . . . .	464,284	1,116,239	95,151	151,255	57,730	82,099
TOTAL . . . . .	5,919,626	12,184,082	3,163,131	5,292,911	1,289,439	1,697,219

\* Included others.

(5) (Handed in by Mr. A. H. Spink on the 17th April, 1935.)

Calcutta—7th February, 1935.

## JAPANESE WOOLLEN GOODS.

I note your request for range of samples of recent imports. I have been co-opted on the sub-committee of the Bengal Chamber of Commerce which is preparing a statement for the Tariff Board Enquiry, and we have recently obtained samples and prices from the market, and I have despatched similar range by parcel post, the particulars of which are as follows:—

Approximate United Kingdom		C.i.f. Bazar rate.	
s. d.	c.i.f.	s. d.	Rs. a.
4 0	" A " 52" Wool Venetians	2 5	3 8
3 9	" B " 52" Serge	1 10	1 9
3 9	" C " 52" Serge	1 10	1 9
3 6	" D " 52" Suiting	1 10	1 8
3 0	" E " 52" Tropical suiting	1 4	1 5
3 10	" F " 52" Suiting	2 8	2 8
4 6	" G " 52" Suiting	2 6	2 8
4 9	" H " 52" Suiting	2 6	2 6
2 9	" I " 52" Serge	1 3	1 5
4 0	" J " 48" Blazer Cloth	2 0	2 12
3 9	" K " 52" Gabardine	2 1	2 8
5 0	" L " 56" Face Cloth	3 0	3 0
1 6	" M " 30" Taffetas	0 5	0 7

\* (It is estimated that nearly 4,000 cases of quality "I" have been imported into India last season.)

		Our price.	Japanese prices c.i.f. Calcutta.
		s. d.	s. d.
" A "	. . . . .	4 1½	2 5
" B "	. . . . .	3 4½	1 10
" C "	. . . . .	3 6½	1 10
" D "	. . . . .	2 8½	1 10
" E "	. . . . .	2 6	1 4
" F "	. . . . .	4 0½	2 8
" G "	. . . . .	4 7½	2 6
" H "	. . . . .	4 10	2 6
" I "	. . . . .	2 6	1 3
" K "	. . . . .	3 2½	2 1

Actual cost including dyeing and casing. Profit and c.i.f. extra.

Item No.	Date Invoiced.	Description.	Width.	Sterling Invoiced Price per Yard c.i.f. Bombay.	To-day's Japan c.i.f. price.	To-day's English c.i.f. price.
			Inches.	s. d.	s. d.	s. d.
1	2nd Oct., 1934.	Fancy Worsted	52	3 0½	2 6½	4 8
2	2nd Oct., 1934.	Fancy Worsted	52	2 10½	2 4	4 2
3	29th Oct., 1934.	Blazer Cloth	52	2 2	1 9½	3 1
4	2nd Oct., 1934.	Cream Flannel	56	2 5½	1 10½	3 6
5	29th Oct., 1934.	Fancy Worsted	50	1 9	1 5	3 2
6	1st Aug., 1934.	Doeskin (Corkscrew)	56	4 2½	3 7	4 9
7	8th Sept., 1934.	Imperial . . .	52	2 10½	2 2	4 2
8	2nd Oct., 1934.	Fancy Covert . .	52	3 7	3 0½	3 11
9	18th Oct., 1934.	Imperial . . .	52	1 10½	1 6½	2 10
10	29th Sept., 1934.	Gabardine . . .	52	2 10	2 3½	3 9

### The Madras Chamber of Commerce, Madras.

Letter dated the 4th February, 1935.

#### WOOLLEN ENQUIRY—GENERAL QUESTIONNAIRE.

In reply to your letter No. 22 of the 14th January last, I am directed to state that on account of the smallness of the import business in woollen goods in Madras, my Chamber feels some difficulty in replying as importers or merchants to the questionnaire which accompanied it.

My Chamber however wishes to take this opportunity of commenting, from a manufacturer's point of view, on some of the points raised.

The paragraphs numbered hereunder relate to the paragraphs of your questionnaire.

4. Imported woollen goods (rugs only referred to) are very different in character from Indian mill or handloom made qualities. In both price and wearing qualities, the imported rugs are lower and not so durable, but at the same time they are more attractive in appearance. The bulk of the imports of rugs come from Italy. These goods, made of shoddy or reclaimed wool, have replaced the Indian made qualities produced from Indian wool. The Italian rug is less durable because of its very low strength due to the shortness of the fibre from which it is made.

The very big increase in imports of foreign made rugs indicates that prices must have been very much in their favour.

These are the figures for the past 3 years taken from the Blue Book:—

*Eight months—1st April to 30th November.*

	1932.	1933.	1934.
Value . . . Rs.	31,68,451	32,84,718	50,70,730
Weight . . . lbs.	3,907,446	4,243,126	6,165,581

7. It is generally accepted that certain Foreign countries have been able, by means of subsidies, depreciation of currencies, etc., to overcome successfully the tariffs that have been imposed in the past.

Experiments in India in the production of rugs similar to those coming from Italy have been carried out, and it is found that the bare cost of manufacture in India from imported shoddies was about 10 per cent. higher than the landed cost, duty paid, of the corresponding imported articles.

The intensive competition from certain foreign countries that has been experienced in recent years has been accentuated by the international struggle to obtain wider trading facilities. Efforts are being made in most countries to bring this competition under control, so that the factors existing at present that account for this disturbance in trade are not likely to continue indefinitely.

8. In the case of travelling rugs and blankets, present day Indian demand seems to be for an attractive looking article such as the Italian shoddy rugs, but these rugs cannot be classed as superior in the matter of wearing qualities. With an assured market there is no reason why Indian mills should not be able to meet the demand that exists for superior and attractive qualities. It is questionable, however, whether the production of rugs made from shoddy should be encouraged in India. If the manufacture of such goods in India is supported it would not relieve the position of the Indian wool grower who is suffering to-day because of the reduced activity of the Indian blanket industry.

9. In the case of Italian shoddy rugs, the value in appearance is certainly higher than the pure wool Indian article, but in wearing qualities, due to its very low strength, the value is very much less. It is not possible to express these differences in money value.

10. Something appears to have stimulated the trade shown under the heading "other sorts"—serial No. 126A in the tariff. If imports of articles containing a mixture of pure wool and shoddy and wool and cotton are classed under this heading, the recent changes in the wool tariff have been of definite assistance to this import trade.

These are the import figures for the past three years:—

*Eight months—1st April to 30th November.*

	1932.	1933.	1934.
Value . . . Rs.	3,05,905	3,17,538	15,84,312
Weight . . . lbs.	317,864	302,340	1,837,041

17. Indian wools will not improve unless the grower can be assured of a reasonable market for his clip. Due to the loss in trade suffered by the Indian mills, the grower has also suffered. Whereas wool in other parts of the world has advanced in price by over 30 per cent. since 1931, the Indian wool grower is getting 27 per cent. less to-day. That means his income is only about half of what it would have been if his wool had been able to share in the general rise in world prices. When the trade will stand it, there is no reason why a small tax on imports of wool, devoted to its improvement in this country, should not be made.

19. There is nothing connected with the Managing Agency system in relation to the woollen industry that has acted as a check or hinderance to the industry. It is very doubtful whether certain woollen mills would have been able to survive the recent years of very adverse trading had it not been for the help rendered by Managing Agents.

The conclusions of the Tariff Board on the Managing Agency system will be found in the Report on their enquiry into the Cotton Textile industry. The position as regards the Woollen industry will be very much the same.

23. The Woollen industry is definitely of national importance.

In times of emergency enormous quantities of woollen goods may be required, which could not be supplied from abroad.

The Armies in the East and the Indian Government were dependent upon the manufacturing resources in India for the whole of their requirements for certain types of materials during the Great War.

24. Yes, the Woollen industry in this country does possess natural advantages.

Without some form of protection it will not survive.

As regards the industry being able eventually to face world competition, this will depend on the type of competition that arises. Conditions that have recently prevailed have given rise to a very unnatural state of affairs not generally associated with world competition.

26. There can be no doubt as to what constitutes a pure wool fabric. Although the material might be manufactured from a mixture of new wool and shoddy, as long as only wool is used it should be classed as pure wool. As the tariff now stands, a material containing a proportion of reclaimed wool or shoddy, however low that proportion may be, is classed outside the sphere of the specified duty of Re. 1-2 per lb. which was fixed for pure wool fabrics. A mixture should be described as a fabric made from wool and some other quite different fibre such as Cotton. It is difficult to say just when a mixture commences to lose its value and appearance in comparison with an all wool fabric. The present tariff fixes a different rate of duty for a mixture containing less than 90 per cent. of wool. It is not understood why a material containing, say, 11 per cent. of cotton should escape with a duty of 35 per cent. instead of being subject to the specific duty of As. 18 per lb. The Cotton content can be increased to as much as 25 per cent. before even an expert can say definitely whether a cloth is a mixture or not without a chemical test. To the layman a mixture of 50 per cent. wool and cotton will often be taken to be all wool. Mixtures containing down to as little as 40-50 per cent. wool should certainly be classed as pure woollen fabrics for customs purposes.

### **Chamber of Commerce, Bombay.**

*Letter No. 452/71, dated the 21st February, 1935.*

I have the honour to acknowledge receipt of your letter No. 22 of the 14th ultimo and to forward herewith as requested, a copy of the replies drawn up by the special Sub-Committee of the Chamber to the general questionnaire that accompanied your letter. These answers represent the views of the importing interests of the Chamber.

2. I am also forwarding herewith the set of samples referred to in the answer to question 9.

Enclosure,

GENERAL QUESTIONNAIRE ISSUED BY THE TARIFF BOARD.

*Replies drawn up by the Special Sub-Committee of the Bombay Chamber of Commerce.*

1, 2 & 15. These questions can only be answered by individual firms. The general tendencies of the trade over the past 5 years should be ascertainable from the published statistics.

3. The statistics asked for have already been supplied as envisaged in the note at the beginning of the questionnaire.

4. Most imported goods are different from the Indian manufactured goods and are not comparable either in quality or price except in the case of coarse serges, great coat cloth (army cloth) and flannels where the price of the imported articles including duty is about on a level with the price of the Indian manufactured article.

5 & 6. Woollen goods are usually imported against indents from bazar dealers at c.i.f.c.i. prices, delivery against cash or credit up to 60 days. These indenting dealers in turn re-sell to wholesale or retail dealers in up-country markets. The goods after reaching the indenter are not usually re-sold on a commission basis. The profit of the upcountry dealer depends on the state of the market. The present railway freight on woollen piece-goods from Bombay to the undermentioned stations is as follows:—

From Bombay To	Per maund at O. R. Rs. A. P.	Per maund at R. R. Rs. A. P.
Delhi . . . . .	2 9 3	3 6 11
Indore . . . . .	1 7 7	1 15 3
Ajmere . . . . .	1 13 5	2 7 0
Cawnpore . . . . .	2 4 2	2 15 3
Amritsar . . . . .	2 14 10	3 13 3

7. We have no reason to suppose that the prices at which foreign producers sell for export to India are below the cost of production and as far as we are aware there are no factors affecting competition from foreign countries which are not likely to continue indefinitely.

8. We do not think that Indian mills will be able to meet in the near future the demand for the superior or more attractive class of woollen goods.

9. It is very difficult to express in general terms of money value the intrinsic difference of quality between imported articles of shoddy or of mixed material and pure wool Indian articles. We do, however, submit the following samples, marked as below, and compared with approximately corresponding Indian articles:—

SAMPLES.

Made Abroad.

Made in India.

<i>Imported A.</i> —Italian Plain Meltons, 51"—90 per cent. Shoddy—Weight about 14 ozs. per yard. Price 1s. 1½d. c.i.f.,	<i>Indian A.</i> —Indian Coarse Serge, 53". Price Rs. 3 per yard.
<i>Imported B.</i> —Italian Plain Meltons, 51"—90 per cent. Shoddy—Weight 14/15 ozs. per yard. Price 1s. 4d. c.i.f.,	<i>Indian B.</i> —Indian Blazer Cloth 53". Price Rs. 3-8 per yard.

## SAMPLES—contd.

*A Range of Imported Sayas and Tweeds.*

## Made Abroad.

**Imported C<sup>1</sup>.**—Italian Check Saya, 51"—92 per cent. Shoddy—Weight 17/18 ozs. Per yard 1s. 7½d. c.i.f.

**Imported C<sup>2</sup>.**—Italian Check Saya, 52"—100 per cent. Shoddy—Weight 15/16 ozs. Per yard 1s. 6½d. c.i.f.

**Imported C<sup>3</sup>.**—Polish Tweed, 53/54"—100 per cent. Shoddy—Weight 16 ozs. Per yard 1s. 4d. c.i.f.

**Imported C<sup>4</sup>.**—Polish Check Meltons, 53/54"—98 per cent. Shoddy—Weight 18 ozs. Per yard 1s. 3d. c.i.f.

**Imported D.**—Italian Saya, 52"—100 per cent. Shoddy—Weight 16 ozs. Per yard 1s. 6½d. c.i.f.

**Imported E.**—Italian Plain Saya, 51"—100 per cent. Shoddy—15/16 ozs. 1s. 6½d. c.i.f.

**Imported F.**—Polish Khaki Cloth, 53"—100 per cent. Shoddy—17 ozs. 1s. 9d. c.i.f.

**Imported G.**—Italian Chester Cloth, 52"—100 per cent. Shoddy—13½ ozs. 2s. 3d. c.i.f.

**Imported H.**—Polish Doubleface Cloth, 54"—100 per cent. Shoddy—1 lb. 14 ozs. 3s. 2d. c.i.f.

## Made in India.

**Indian C.**—Indian Union Cloth 53". Price Rs. 3-8 per yard. (No corresponding Indian goods in Check and striped designs are available.)

**Indian D.**—Indian Broad Cloth, 53". Price Rs. 3 per yard.

**Indian E.**—Indian Blazer Cloth, 53". Rs. 3-14 per yard.

**Indian F.**—Indian Khaki Cloth, 53". Rs. 5-4 per yard.

**Indian G.**—Indian Chester Cloth, 53". Rs. 4-10 per yard.

**Indian H.**—Indian Doubleface Cloth, 54". Rs. 4-8 per yard. (This quality is much lighter than the imported quality. No heavier Indian quality is available.)

## Rugs. रज

**Imported I.**—Italian Double Rug, 54" × 92"—80 per cent. Shoddy—Weight 5 lbs. 5s. 6d. c.i.f.

**Imported J.**—Italian Double Rug, 54" × 92"—100 per cent. Shoddy—Weight 4 lbs. 14 ozs. 6s. 9d. c.i.f.

**Imported K.**—Italian Double Rug, 60" × 90"—100 per cent. Shoddy—Weight 5 lbs. 12 ozs. 12s. 3d. c.i.f.

**Indian I.**—Indian Single Rug, 54" × 92"—Weight about 2 lbs. 12 ozs. Rs. 5-4.

**Indian J.**—Indian Single Rug, 54" × 92"—Weight 2 lbs. 8 ozs. Rs. 6.

**Indian K.**—No samples available. There is a fine Indian quality known as Rug No. 1506, similar to the imported quality, Imported K, and sold in the market at Rs. 25 in 60" × 90". Another similar quality, comparable to Imported K, and called "Rug Prince" in 60" × 90", cost Rs. 30 per piece.

The above samples do not represent similar articles, as there are no Indian articles made of Shoddy. They represent, however, corresponding articles, where the Indian article is made of pure wool. The intrinsic difference can



be ascertained by comparing the corresponding samples and the respective prices. The price for imported articles is shown in English Currency, c.i.f. Indian Ports; to reach the market price, duty has to be added.

10. There is no doubt that there has been an increase in the demand for mixtures and shoddy goods as compared with pure woollen goods during recent years. We are of opinion that this demand has not been stimulated to any great extent by the recent changes in the tariff. The demand is due more to the decreased buying power of the consumer coupled with the improved appearance of the imported mixture and the shoddy cloths.

11. We have no knowledge of any importation into India of articles manufactured wholly or partly of synthetic wool from Jute.

12. There are no recognised differences of quality between Japanese, French, Italian, English and other European imported goods of the same class.

13. The growing preference on the part of Indian consumers for cheaper qualities of woollen goods than those ordinarily produced in India is undoubtedly due to decreased purchasing power.

14. In our experience there is an increased demand for articles made of wool including shoddy and mixtures.

15. The chief effect of the minimum specific duty has been to raise the price in India of those woollen goods on which the specific duty is levied and to encourage the importation and use of mixture and shoddy goods. The minimum specific duty has adversely affected those imported pure wool goods whose price in India has been raised as mentioned above. These goods contain many styles which do not compete with Indian manufactured goods.

16. We have no suggestions to make for the improvement of Indian wools and are not in favour of a tax being placed on imports of raw wool for the purpose of improving Indian wools. We understand that even if attempts are made to improve the breeds by importing pedigree stock this will not result in improving the quality of wool as one essential for this is correct feeding and adequate grazing. We believe that experiments have already been made in this direction but without success.

17. We are aware that the slaughter of ewes for lambs wool from the unborn lamb is increasing and resulting in wanton destruction of both the mother and the unborn lamb and will, if not checked, adversely affect supplies of wool in the future. We are strongly in favour of the suppression of the slaughter of ewes and lambs for the purpose of obtaining the wool of the unborn lamb, by making the export of lambs wool on the pelt illegal.

18. We have no reason to suppose that the Managing Agency System has adversely affected the Indian Woollen Mill Industry.

19. Different mills market their products in different ways and we are not in a position to say which is the best nor have we any suggestions to put forward in connection therewith.

20. No.

21. Excepting the case of the depreciation of the Yen there has been no material change in the Exchange factor affecting the power of foreign manufacturers to compete in India.

22. No.

23. We consider that the Indian woollen mill industry does not fulfil the 3 major conditions laid down by the Indian Fiscal Commission as essential before an industry can qualify for protection.

24. If it is the intention to grant protection for the purpose of enabling the existing industry better to compete with imported goods of the same class as are produced in India—

(i) Higher rates of duty.

(ii) 3 to 5 years.

(iii) Woollen blankets, shawl cloths, coarse serges, great coat cloth (army cloth) and flannels.

Alternatively, if it is the intention to grant protection for the purpose of encouraging the extension of the industry into those lines not now manufactured, then a quota system might be introduced on the basis of the imports from all countries during the last 10 years and the present rates of duty be retained for purposes of protection in the event of their lapsing as revenue duties.

26. We are definitely opposed to protection being given against goods of mixed wool and other materials and against qualities of materials which are not made in India.

27. As already stated we are opposed to any protection whatsoever being given to the industry either temporary or permanent as we consider that the industry is already afforded considerable protection by the present revenue duties.

### **The Indian Merchants' Chamber, Bombay.**

*Letter No. 733, dated the 13th March, 1935.*

I am directed to refer to your letter No. 22 of the 14th January, 1935, and to send to you hereby the replies of my Committee to the general questionnaire issued by the Board. The questionnaire obviously is intended primarily for importers and merchants and, therefore, many of the questions are concerned with the details of day-to-day business in woollen materials which members of the Chamber interested in the trade have already dealt with before the Board. My Committee, therefore, do not propose to deal with them. They are, therefore, confining their replies to questions involving general principles or policies, leaving it to the manufacturers, importers and merchants to supply the detailed information called for under the various heads.

The views of my Committee on the question of principle, *viz.*, grant of protection to the Industry were communicated to the Board in their letter No. 3075, dated the 19th December, 1934. They wish to reiterate that they strongly support the claim of the Industry for protection.

The principal question, dealing with the policy in regard to protection, is question No. 24. They will, therefore, deal with this question first. As they observed in their letter referred to above, the woollen industry satisfies the conditions laid down by the Fiscal Commission for protection. It has the natural advantages. My Committee are aware that for the purpose of certain varieties of better class piecegoods and for knitting wool, etc., Indian wool is not suitable and that, therefore, the industry must continue to import raw material for this purpose. This partial dependence on imported wool, however, cannot, in the opinion of my Committee, provide an argument against protection to the industry. On the other hand, it is their belief that if the industry is protected, efforts are bound to be made to breed in the country a superior quality of sheep and, in fullness of time, it is not improbable that the requirements in this regard will be ultimately met from indigenous resources. The necessary supplies of labour and power are available and there is also an expanding home market. From the chequered experience of the industry during the past few years, it is also certain that without protection the industry is not likely to develop at all, but, on the contrary even the existing mills may be completely ruined.

My Committee are aware that representations have been made to the Board from certain quarters to the effect that the Indian woollen industry does not fulfil the general conditions for protection. The reference is possibly to the partial dependence of the industry for supplies of superior class of wool on foreign sources. My Committee venture to suggest that that is putting a very narrow interpretation on the general conditions for protection laid down by the Fiscal Commission. Moreover, as has been pointed out above, it is possible that with the assurance of a future for the industry in the country, efforts may be made to cultivate within the country itself the

class of raw materials which perforce have now to be imported. My Committee are confident, however, that the Tariff Board will not conceive the conditions laid down by the Fiscal Commission in such a narrow spirit and would consider the industry as one entitled to claim for protection under the fiscal policy adopted by the country.

It may be pointed out in this connection that the Government of India themselves, in a way, have accepted the claims of the Industry for protection, when following the Safeguarding of Industries Act, 1933, they included increased level of duties on imports of woollen materials in the Tariff Amending Bill of 1934. My Committee, therefore, feel that they need not deal with this aspect of the question in greater detail.

*Question No. 23.*—In a way the woollen industry should be regarded as one of national importance. The intense cold in certain parts of the country makes wool necessary even for the poorest and the orders placed by the Government themselves in respect of their requirements including the Military Department would indicate this. This was manifested during the time of the last World War. Difficulty in getting adequate supplies of woollen materials led to the full use of woollen hand-loom products of the country. As a matter of fact the Munitions Board even instituted an enquiry into the possibility of developing the woollen industry in the country. But as my Committee are definitely of the opinion that the industry comes within the conditions laid down by the Fiscal Commission, greater stress need not be placed on this aspect of the question.

*Question No. 25.*—With regard to the first part of this question, viz., the form which any protection that may be recommended to the industry should take, in the opinion of my Committee, the Tariff Board will have during the course of their enquiry, placed before them facts and figures regarding the present position, cost of production, prices at which imported goods are selling and various other details from which it should be possible to form a basis as to the measure of protection necessary. My Committee can only offer a general remark that the protection should be adequate to meet the requirements of the situation. What that protection should be and the manner of making it available are all details which the Tariff Board themselves would be in a better position to judge. In this connection my Committee have seen the tariff rates suggested by the manufacturers in their joint representation. The Board may very well take the same as the basis and recommend such level of protection as may be justified from the materials and information gathered during the course of the enquiry. As they observed in their communication of the 19th December, 1934, the industry should be enabled firstly to face the foreign competition and secondly to consolidate its position. A level of protection adequate for this purpose appears to be one which is based on the possibility of returning at least 6 per cent. on the present value of the capital sunk in the industry, but my Committee have confidence that the Board would make recommendations that would be satisfactory under the present economic conditions where world changes, exchange factors and other causes often interfere on pre-conceived programmes.

As regards the period for which protection should be available, my Committee will generally support the claim made by certain manufacturers that 12 to 15 years would be the minimum period for which protection should be assured. Only an assurance of a fairly continuous period of protection would attract fresh capital in the industry and thereby enable its development. My Committee suggest that the application of the manufacturers for a continuous period of years may be favourably considered unless very valid reasons of public policy are put forward against this idea.

My Committee feel no apprehension that if adequate protection is granted against imported yarn the local manufacturers may not be able ultimately to supply the necessary yarn requirements of the hosiery and the hand-loom industry. The object of the Tariff Board should be to see that as much manufacturing process takes place in the country as possible. Industries which are concerned with only one or the other final process, even if they

are hand industries, must necessarily bear the burden, where the main policy of the State is to see extended manufacturing activity in the country. But until it is demonstrated by figures that the capital sunk in the hand-loom and the hosiery industries is considerable and that the effect of protective duties on yarn would be felt by them in such a manner that they would not realise the corresponding increase on their output, the course to be taken by the Board is very clear. This apprehension merely strengthens the demand for heavy duties on the imports of finished goods including hosieries and the benefits of such duties would go correspondingly to the Hosiery and the hand-loom industries

### **The Marwari Chamber of Commerce, Calcutta.**

*Letter dated the 2nd April, 1935.*

I am directed by my Committee to submit to you the Answers of this Chamber to the General Questionnaire issued by the Tariff Board in connection with the Enquiry into the Protection to the Indian Woollen Mill Industry.

Enclosure.

#### **ANSWERS TO GENERAL QUESTIONNAIRE ISSUED BY THE TARIFF BOARD REGARDING ENQUIRY INTO WOOLLEN TEXTILE INDUSTRY.**

1. The following are some of the important woollen goods imported by our members:—

Blankets, shawls, meltons, serges, woollen yarns, kashmiras and felt.

These are usually imported from Italy, Japan, Germany, Belgium, etc. The major proportion of the goods imported comprise blankets, shawls and serges. These constitute as much as 75 per cent. of the total, leaving 25 per cent. for the rest.

2. During the last 5 years, the imports of shoddy blankets and woollen rugs have shown a definite tendency to increase; so much so that the present figures have nearly doubled. But there has been a decrease in the imports of almost all kinds of cotton blankets and shawls.

3. Endeavour has been made to answer this question in the tabular form indicated by the Questionnaire and appended herewith.

4. The imported goods bear no comparison with those manufactured in India—particularly so far as blankets and meltons are concerned, in respect of their quality, durability, size and price. There are absolutely no articles made in this country, which may be compared with the imported shoddy blankets. Hence it can be asserted without fear of contradiction that Indian blankets are wholly immune from foreign competition. So far as "melton" is concerned, it is a quality in itself, that has not been attempted by the Indian manufacturers as yet. Serges manufactured in this country have always proved superior to the imported goods by dint of their fine texture, strong durability and variety. It is certainly creditable to the Indian Millowners that such good quality have been produced in such a short time, without any sort of protection. It appears evidently that when such high potentiality is present protection is not only unnecessary but also oppressive.

5. Foreign manufacturers often quote their prices in sterling and give exceptional facilities for handling their goods.

6. Prices of imported goods for distribution to up-country markets are quoted in Rupees less Rs. 2-13 per cent. on account of interest, Re. 1-8 per cent. Brokerage, As. 12 per cent. purchasing Brokerage, and 60 days credit. Different freights are charged for different places; average freight amounts to about Rs. 3 per maund.

7. It is inconceivable that foreign manufacturers will ever sell their products in India at prices below the cost of production. Business is carried on for profit and not for charity. Some of the factors that account for the competitive prices of foreign manufacturers are industrial efficiency, modern equipments, technical improvement and, above all, scientific management, all of which are lacking in Indian manufacturers. Foreign manufacturers will always keep abreast of the time and it is futile to catch them unaware.

8. We do not think that given an assured market the Indian mills will ever be able to meet the growing demand in Modern India for a superior or more attractive class of goods, for the simple reason that the Indian manufacturers will not try nor care to meet the demand. Other reasons are not far to seek. So far as blankets and meltons are concerned the possibilities of manufacturing these goods at comparatively competitive prices is very remote. Particularly so in the case of Indian woollen goods. Firstly, because the quality of Indian wool is not of a very high quality as fully explained in our bulletin "Dangers of Protection to the Indian Woollen Mill Industry". Secondly, the plants have become antiquated; and thirdly, the labour is very inefficient for the purpose.

Even if an assured market is given to them, therefore, it will occasion only inefficiency and impecunty. It will also tantamount to an indirect taxation of the masses for the benefit of a few millowners.

9. It is simply ridiculous to suggest that imported articles of shoddy or of mixed materials are competing with pure wool Indian articles. It is a flimsy pretext on the part of Indian manufacturers. The intrinsic differences between the two products are as poles asunder.

10. No. Shoddy made articles have come into vogue in recent time in foreign countries on account of the utilisation of wool waste, rags, and other rejected materials. It is a preparation in itself in which the far-sighted textile industry of foreign countries has found prospects, whereas the Indian millowner, habitually lethargic as he is, has been lagging behind. He has failed to study the Indian purse and mentality for the manufacture of cheaper products, which can equally obtain market in this country. It is an index to the depth of Indian poverty that wornout clothes thrown away in foreign countries find a ready and wide market for disposal in this country. There is no general liking for superior quality goods in the country as has been sufficiently explained above. Consequently, any immediate proposition for protection will only help to deprive the poor people of their winter clothing. It will prove to be the last straw on the camel's back.

11. As far as we know, no article made of synthetic wool from jute has yet been imported into India.

12. So far as blankets are concerned Japanese and French makes have never been imported hitherto, while English makes have never found an appreciable scope in this line. French lohis have had their opportunity in the Indian market once, but since the Indian woollen mills have manufactured them successfully, they have been totally ignored by the Indians.

So far as meltons are concerned, Italy has the sole hold. Japanese serges have promoted their potentiality in the Indian market veritably in the course of the last two years. Qualitatively speaking, they have been elbowing their way in the face of English goods.

13. While answering in the affirmative to this question, we would like to add that the imported cheap woollen goods are more nicely finished and more evenly woven than the Indian products, thus accounting for the irresistible temptation on the part of the consumers to give preference to the former.

14. It may be stated from our own experience that the demand has recently increased for shoddy and mixed cotton rather than for pure woollen goods.

15. The effect of successive increase of duty in recent years has been two-fold. On the one hand, it has helped to increase the prices of woollen

goods and on the other to decrease the sales of European goods in particular. The import figures of Japanese goods are growing phenomenally because the products of Japan are extremely cheap.

16. The minimum specific duty of Re. 1-2 per lb., has adversely affected the woollen trade. Since its imposition the prices of the goods have gone up very high. The goods, however, which have been adversely affected and which bear the specific duty, do not at all compete with Indian manufactures.

17. The most important thing that we can suggest for the improvement of Indian wool is the constitution of a Grading Board for the assortment and proper grading of the various kinds of wool grown in India according to their quality.

Next comes in equal importance a competent Marketing Board for the commodity. Third comes the Research Department to devise out improvements of wool.

We cannot, however, for the sake of this recommend an woollen Tariff as it will unnecessarily enhance the prices of that quality of wool which is not easily available in India.

Better methods of breeding and feeding as adjuncts to scientific sheep-rearing will certainly go a long way towards the improvement of Indian wool and would be instrumental in achieving the desired end.

19. The sorry plight in which the Indian woollen industry finds itself is undoubtedly due to the inefficiency and obstinacy of the Managing Agents. The entire system needs thorough overhauling. Consider for instance, their contract terms, which are unduly oppressive. In order to establish Indian industries on sound footing, manufacturers should seek the co-operation and advice of experienced businessmen. Unless they come in close contact with the practical trader on the spot, they cannot prosper.

20. The marketing methods prevalent in the Indian Woollen Mill Industry are the ugliest possible when compared with those obtaining in other parts of the Industrial world. We state it from our own experience, with all the emphasis at our command, that the arrogance of the manufacturers dwarfs the true business policy. A study of their contract forms with the Indentors shows how discredibly they try to bind down their customers. The terms are onesided and humiliating. To them, it seems, that the trader is a beggar who goes a-begging to purchase goods from them and the customer a subject to their ruthless commands. This is the prevailing mentality of the Indian industrialists, who have made protection a shield to secure their whims and caprices. In this, we distinctly recognise the Managing Agents' device to solve their financial difficulties by merely depending upon the selling Agents. The Selling Agents, in pushing the standard goods in the market, have to deposit large sum of money to reserve to themselves the sole selling rights of the goods of the Mills.

Although, the Managing Agents feign to labour hard for the benefit of the mills, only for a commission of from 4 to 16 per cent., yet their remuneration, emoluments, and rates of interest on the amount deposited with the Mill, all these calculated together amply testify to the fact that it is collective charges combined with the toll of the Managing Agency System that brings the cost of production of the Mills to such a high level. It is unfortunate that the public have been so grossly misrepresented by interested parties regarding the cost of production of the Indian Mills. Their cost of production according to their system of accountancy, also, includes distributional charges, such as Managing Agents' and Selling Agents' commission. The selling Agents', on their part, have always proved themselves well-wishers of their principals. They sell their goods at whatever prices they can obtain for it, irrespective of their principal's profit but mindful only of effecting a large volume of business. This mentality has been unerringly encouraged by the millowners themselves, who insist upon their Agents to

guarantee a certain amount of sales for their goods. It appears as if the millowners attach a conventional sanctity to a higher volume of business, higher volume of sales, no matter whether adequate prices are realised or not. This has aggravated the situation so surreptitiously on both the sides that goods are marketed apparently to the disadvantage of the millowner. These are the very calculations, however, which are offered as arguments for protection in favour of the industry. The selling Agents, feel themselves quite secure in getting their earmarked commission be the cost of goods as it may. The typical Selling Agents, sometimes, hold more than a dozen agencies of all sorts of manufacturers be they in cotton, wool or silk, hosiery or ready made goods, etc. His only motive is to get his goods sold as they are, in the market, through his pet brokers to the traders, irrespective of the tastes of the consumers. Can it be imagined in ordinary circumstances that cotton piece-goods broker should be equally conversant with woollen and silken goods? But such is the presumption with our Selling Agents, who have developed a special predilection for their own brokers, whose self-sufficiency is unquestionable in any line. The Indian Sales Organisation has instituted a regular hierarchy agents. As for instance, in the case of the Bombay Woollen Mills we notice at the top the Managing Agents, next represented by their Selling Agents, who are, in their turn, represented by their guaranteed brokers. Such water-tight compartments of middlemen have worsened the condition of the Industry by bringing their cost of production very high. What prudent manufacturers in other countries save in the form of so many commissions, the Indian Mills, lose. Such innovations in the sales organisations have cut at the very root of economic prosperity of this country, and if any protection be given to such inefficient industry, its effect would be the same as to found a wall on sand. The system needs a complete reorganisation and can be mended only if persistent agitation is carried on.

21. Yes. Certainly the present organisation of the Indian Mill Industry is quite inadequate to meet foreign competition. As traders in the line, we feel quite confident in impressing our authoritative views upon the matter. The present marketing methods of the Indian Mills are of two kinds: (a) directly through the manufacturers' own salesman; and (b) individually through their Selling Agents. But the general procedure among them is that they take recourse to the Selling Agency System, which has much to be complained of. Both the Systems are equally defective. In the former case, the Indian mills only manufacture goods just to please these persons, who can place big orders. Thus *bonâ fide* traders, who have not a particular market for a particular article for a particular quantity are compelled to forego the sales of these mills. Furthermore, even if the first difficulty be overcome, they have to confront financial difficulties in the form of curtailed credit, because the mills would instantaneously draw D/P upon the indenter. The second system is all the more vicious. It has more or less an inclination towards monopolistic tendency as the Selling Agents are insatiably impecunious to fill their own pockets, rather than look to the interests of the traders of the millowners. The Selling Agency System is a concomitant of the Managing Agency System and is therefore as defective as its leader. The causes that account for the preservation of the latter also do account for the former as well. In most cases, the cotton manufacturer, who having secured his financial position sits tightly over the poor consumers to laugh at his vain cry for just treatment. This has been the precedent before the Indian woollen mill industry, which has imitatively adopted the same methods for its sales organisation as the Indian Cotton Industry, but which has not been able to secure that shield which helps the latter. The consequence has been that it is to-day confronting these difficulties in the marketing of its products which have been fortunately overcome in the case of its sister industry by protection.

When we visualise the maltreatments that Selling Agent Indentors and customers of these Indian Mills have to undergo it seems nationalism has been the oppressive motto for the emotional majority of the Indians.

Generally, the Millowners enter into contract for the sale of their goods at distant places from their mills through their Agents and representatives. They receive their payment before the delivery of the goods mostly without ascribing any rhyme or reason for variations in their contract terms. The Millowner is an arrogant law maker, so to speak, who drafts his own law unquestionable by the established law of the land. The contract form is his prerogative, that gives him immunity from any sort of liability. He can give you conta-sized goods. He can deliver you goods long after the due date of delivery. He can forfeit the commission of the Agent for failure to effect the guaranteed sales. He can deprive you of your legitimate rights to ask for damages in cases of breach of contracts but you cannot raise a single voice of protest against him in any court of law. You must just reconcile yourself to your lot.

22. The phenomenal depreciation of the Japanese Yen has certainly helped the abnormal increase in the import of woollen goods from Japan. On the other hand, the imports of European goods were adversely affected since Britain went off the Gold Standard.

23. The claim that the Woollen Industry is a Key Industry is an arrogant one. Any one acquainted with even the definition of a key industry will be astonished at this assertion. Far from being a key industry, it is not even an important industry in as much as there is no mention of it in the Indian Industrial Commission Report.

If any further arguments are needed to prove that the woollen industry cannot be a Key Industry, the following may be advanced:—

(a) Although the actual statistics of wool grown in India are not available yet, judging from import and export figures, it can be safely stated that the production of this commodity is not considerable enough.

In 1933, the total value of exports of wool was Rs. 1,23,29,218, while the import figures are Rs. 42,12,188 for wool; Rs. 34,21,985 for yarn, Rs. 15,12,662 for worsted yarn and Rs. 17,96,858 for knitting wool.

The Home consumption is limited to about 18 mills only, accounting for about 5 million lbs., while the total production is estimated to be 7 millions only.

(b) The number of persons employed in the woollen mills seem to be about 6,000 in 1932 and a few thousands in the handloom industry.

(c) The production of wool is confined only to a few tracts in India,—Sind, the Punjab, Rajputana, Nepal, and the Terai. Hence the industry does not promise to be an All-India one, even in the near future.

(d) The total capital invested in the woollen industry is only about Rs. 125 lakhs so far as the mills are concerned and sundry investment in handloom industry not worth calculating. The total investment is too meagre to deserve the taxation of the whole lot of consumers, the consideration of whose interests is certainly of primary importance.

24. The three formulas enunciated by the Indian Fiscal Commission as being primarily requisite to decide favourably the claim to protection of certain industry are not at all fulfilled.

(a) The first condition to be fulfilled is that the industry should possess natural advantages. In the case of the Indian Woollen Mill Industry, it is our contention that this condition is not fulfilled. Firstly, because Indian produces very poor quality wool, hence better quality of piecegoods cannot be prepared. In fact "most of India's wools are only suitable for the manufacture of very coarse tweeds, made chiefly by handloom weaver, and rough blankets, travelling rugs and carpets". The second difficulty is that the Indian wool is not rightly sorted, hence the sorting operation has become very expensive. Thirdly, India does not produce woollen yarn for fine hosiery and superior quality piecegoods. It is stated that "a prosperous Indian woollen industry would provide a great incentive to the production of finer wools in India, and add to the wealth of the country". Even as it is,



India has got to import vast quantities of wool from foreign countries. Why has not the wool industry prospered as yet? What steps did the Woollen Mills take to help the wool production? By religion, custom and temperament, however, Indians are averse to any form of animal husbandry, and as such there is little chance of the development of sheep-rearing and wool production. Nor is there any great scope for sheep-farming in India, for the tracts devoted to pastoral industry hitherto are being gradually diverted towards agriculture.

(b) The second condition of the Indian Fiscal Commission is that the industry should be one which without the help of protection is either not likely to develop at all, or is not likely to develop as rapidly as is desirable.

The history of the Indian woollen mill industry reveals the fact that upto 1929 the industry had been a fairly prosperous condition, when not even the revenue duty existed. The competition before and at that time came from the long-established and highly technicalised industries of England, France, and Germany but even then we do not find the Indian woollen mill industry ever complaining against it. So evidently it comes to stand that the industry is inherently strong enough to prosper without the help of protection.

The complaint of the Indian woollen mill industry is that they have not suffered in the least from the imported woollen piecegoods but solely from the Italian shoddy rugs and blankets. This cannot be treated as a grievance against the imported woollen goods. It is not the fault of the exporting countries to send out goods that do not compare with the established quality. But as is the case with us, we have been always shifting the burden of our inefficiency and laziness on to our neighbours.

(c) The third condition laid down by the Indian Fiscal Commission is that the industry should be one which will eventually be able to face world competition, without protection.

Judging, however, from the present circumstances it does not seem feasible that India would be able to achieve any thing without protection even after sometime. The avaricious policy of the millowners in keeping no reserves, their crude and old methods of manufacture, the dilapidated and worn machinery, want of research and improvement in the technique, all forbid altogether any dispensation of protection by the industry. In fact, protection has a great enervating effect in the long run. It can be helpful only for a short period.

But even if given protection, the Indian woollen mill industry will not be able to achieve much. It will be seen from the Import figures that in 1931-32 the imports from Italy was at its lowest. This was due to the high current of non-co-operation in India at that time. All sorts of foreign merchandise were boycotted and frantic efforts were made on all sides to replace them by country-made goods. Taking advantage of the situation many new industries were started in the country, but what did an old industry like the Indian woollen industry do? Why did they fail to secure their foundation when a situation exactly on all fours with the protection claimed for presented itself?

26. Indian masses are extremely poor. They cannot afford to buy highly priced pure woollen stuff. They prefer cheap mixed goods, which any how shield them from the cold of the winter months. In these circumstances, it will be sheer inhumanity to prohibit the import of cheap mixed goods from foreign countries by protection and thereby deprive the ill-fed and ill-clad poor Indians of their sparse winter clothings.

27. Not only that we do not want any long period protection, we would not countenance temporary protection even. More so, as in the latter case there is very little chance of any new industry being established. In no case will the Indian Mill Industry endeavour to adopt itself to the needs of the consumers because they do not care to study their taste and convenience.

28. As we are totally against the granting of protection in any shape or form, this question does not arise at all.

## APPENDIX.

	Weight.	Size of width.	1926-27.	1933-34.
	Oz.		£ s. d.	£ s. d.
(a) Woollen Cloths—				
1. Tweeds . . . . .	16 to 20	54"	0 4 6	0 3 6
2. Blazer Cloth . . . . .	14 to 18	54"	0 4 0	0 3 0
3. Melton . . . . .	16 to 20	54"	0 5 0	0 3 0
(b) Serges—				
1. Worsted warp and woollen weft	16 to 20	54"	0 7 0	0 5 0
(c) Worsted—				
1. Serges or coatings . . . . .	8 to 16	54"	0 3 8	0 3 9
3. Shawls or Lohis . . . . .	32	108" × 54"	0 11 5	0 11 0

**Nagpur Chamber of Commerce, Nagpur.***Letter No. 603/91, dated the 8th May, 1935.***Ref.—WOOLLEN ENQUIRY.**

I have the honour to forward herewith four copies of answers to the General Questionnaire regarding woollen enquiry issued by you. These may be placed before the Board for consideration. My Chamber is willing to render any other help required of it.

Enclosure.

*Woollen Enquiry: Answers to the General Questionnaire Submitted by the Nagpur Chamber of Commerce, Limited, Nagpur.*

1. Some Members of this Chamber deal in all sorts of woollen and worsted fabrics and Hosiery goods; and in the past they obtained most of their supplies from the Indian Mills. Recently, owing to the keen competition and dumping of Japanese and Italian goods in the Indian markets, they are required to purchase imported goods on account of their cheap prices.

2. Formerly, the members used to deal generally in all sorts of manufactures made by the Indian Mills from coarse blankets to fine worsted suitings; but during the last four or five years the Indian markets are flooded with cheap fine goods of assorted qualities from Japan and Rugs, Tweeds, Melton, Broad-cloth, Blazer and suitings from Italy. The members had therefore to substitute their supplies of Indian goods by imports from Japan and Italy. These imported goods are more in demand on account of their cheap prices.

3. As the members of this Chamber are not importing woollen goods from other countries, it is not possible to answer the question. But from the prices ruling in the market it can be said that the prices of the Japanese and Italian Manufactures are 40 to 50 per cent. less than those of corresponding Indian products.

4. The goods manufactured by the Indian Mills are as good in quality or in some cases even better than the imports from other countries; but in respect of prices they cannot compete with imported goods, which are sold at rock bottom prices.

5. The members generally purchase their supplies of imported goods by payment against documents or demand drafts; and they sell the goods at a very low margin of profit. Some times, they suffer losses on account of the sudden reductions of prices of Japanese goods; but on Italian goods they get some margin of profit, owing to the steady prices.

6. The members of our Chamber do not directly distribute imports of foreign goods. They buy from the importers in Bombay or from the market, and supply goods to the retail dealers in the Central Provinces and Berar. The usual procedure is to sell on credit which is mostly personal. Interest at 6 per cent. p.a. is charged on outstandings.

7. The members believe that some countries are dumping their manufactures in India at prices lower than their cost of production: but definite facts to support this statement are not available to us. There are, however, some definite factors such as cheap labour, Government subsidies, favourable exchange and other facilities to these manufacturers which account at least for the low prices offered by the Japanese manufacturers.

8. The answer to the first part is no and to the second part is yes. With an adequate protective tariff Indian Manufactures will be able to produce practically all the requirements of the country.

9. Yes, for example, Indian woollen manufactures are at least twice in value of the corresponding Italian rugs which are made of mixed materials.

10. As a matter of fact, foreign countries importing articles of wool mixed with shoddy and cotton take advantage of the differential tariffs in these varieties. It is therefore essential that this preferential tariff should be immediately removed.

11. The members have no information in the matter.

12. Generally there is some appreciable distinction; but it cannot be exactly stated.

13. The tendency for purchasing cheaper and foreign goods is not due to the lower purchasing power, but on account of the attractive appearance and finish of the foreign manufactures sold at cheaper rates.

14. In the last five years there is an increasing demand for woollen articles owing to the spread of education and better taste for dress and fashion.

15. The increased tariffs has had no effect whatsoever on the sales and prices of Italian and Japanese goods in the market. To cope with the extra duties the importing countries have reduced their rates even in a greater proportion than the increased duties.

16. There is no appreciable effect of the minimum duty of Re. 1-2 per lb. on the imports from Japan and Italy. Generally speaking, Indian Mills manufacture all varieties sold in the markets, hence the increased duty had no effect on the imported articles. However the imports from countries, who have not abandoned gold standard are affected; but they are negligible.

17. It is not true to say that Indian wool is suitable only for the manufacture of coarse woollen textiles. By experience it has been found that fine woollen fabrics are manufactured out of Indian wool. This Chamber is not in favour of any import duty on raw wool, for that would have an adverse effect on the Indian woollen industry. The Chamber has no information on the methods of breeding. The Government should appoint an expert to conduct the research in this line, and thus help to expand the industry.

18. The Chamber has no information on this subject.

19. The Managing Agency system is not advantageous to the Indian industries; on the other hand it has adversely affected the Indian woollen mills and the textile trade generally. It is necessary to put a stop to this method as early as possible.

20. There is nothing wrong with the present marketing methods. The only counteracting factor is the competitive prices ruling the market.

21. The Chamber is not in a position to answer this question.

22. There is no appreciable change in exchange; but the countries, who have a depreciated currencies, have been able to compete with the Indian goods by flooding the market with cheap goods with the result that both the Indian manufactures and dealers have thereby suffered.

23. The Chamber is of opinion that the woollen industry is an industry of national importance; and it is essential to protect this industry both for the good of the nation and for the defence of the country. The importance of this industry from the point of view of the national defence realised during the great war, when large quantities of woollen clothes were supplied to the Indian troops by the Indian Mills.

24. Yes.

25. (i) There should be both *ad valorem* and specific duties as may be deemed suitable for working.

(ii) Five years in the first instance.

(iii) The protection should be given in all varieties of goods, in as much as, the Indian Mills are in a position to meet the demands of the Indian market in all lines. Such protection would in no way hamper the hand-loom and hosiery industries as there is likely to be no competition between the hand-loom industry and the Mills.

26. It is also equally necessary to afford protection against the imports of woollen goods mixed with cotton and other material. The Chamber is of opinion that woollen textiles mixed with cotton or other inferior materials in excess of 10 per cent. should be subjected to the same tariffs as may be imposed on the pure woollen fabrics.

27. This does not now arise.

### Karachi Chamber of Commerce, Karachi.

*Letter No. 205-c, dated nil.*

#### PROTECTION TO WOOLLEN TEXTILE INDUSTRY.

I am directed to acknowledge, with thanks, receipt of your letter No. 22, dated the 14th January, 1935, covering a Questionnaire, on the above subject, and to send to you herewith this Chamber's replies to the specific points raised therein.

Enclosure.

*Answers to General Questionnaire issued by the Tariff Board regarding Enquiry into Woollen Textile Industry.*

1. The principal lines imported by Members of this Chamber are:—  
 Woollen and worsted Suitings, Costings, Serges, Gaberdines, etc., from Japan, England, Italy, France, Czecho-Slovakia and Poland.  
 Meltons from England and Italy.  
 Blazer Cloth and Flannel from Japan, England, Italy, Germany and Holland.  
 Khaki Costing: Mainly from England and Italy.  
 Tweeds: Chiefly from England and small quantities from Germany, France and Italy.  
 Khaki Flannel from England, Italy.  
 Overcoatings: Small quantities mainly from England and Poland.  
 Dyed Cashmere Cloth: Plain, from France, Germany and Switzerland.  
 Embroidered, from Germany and Italy.  
 Shoddy and waste wool:—  
 Meltons from Italy and Poland.  
 Khaki Flannel from Italy.  
 Overcoatings from Italy and Poland.

**Yarns:**

Hosiery Yarn (dyed and grey) from Japan, England, Poland, Germany, but mainly from England.

Knitting Yarn (dyed and grey) from England and Japan.

Blankets and Rugs (Rugs mostly made of shoddy and waste wool) chiefly from Italy.

2. There has been a great increase in the imports of Japanese woollen goods, appreciable decreases in Continental goods and a certain increase in British goods.

3. As the quality of woollens changes practically every year, no record for these is kept of the c.i.f. and wholesale market prices, etc., of the imports.

4. Imported goods are largely different in quality and style from the Indian manufactured goods, and these do not seem to compete with Indian manufactures. To take the case of rugs for instance, where certain well finished imported designs can be had for about Rs. 6-7 each, corresponding rugs of Indian manufacture are priced at between Rs. 12 and Rs. 16 each. It is doubtful whether the difference can be bridged by any protective duty. Further, if the import of foreign rugs is restricted by the imposition of additional duty it would mean that consumers, most of whom are poor, would be penalised.

5. Business is usually done on c.i.f. basis.

6. Up-country importers purchase direct from overseas manufacturers or shippers and in their turn sell the goods to their buyers. The gross commission paid to the importers varies from 2 to 5 per cent., all office expenses, cables, brokerage and rebates to the dealers being borne by them.

7. With the exception of goods from Japan, this Chamber has no reason to suppose that the prices at which manufacturers sell for export to India are below the cost of production.

8. In the opinion of this Chamber such a hypothesis is far fetched.

9. Strictly speaking there is no competition between the imported articles of shoddy or waste wool and pure wool Indian articles. The articles manufactured out of shoddy wool which are replacing certain cheaper pure wool articles are of sufficient weight and warmth to satisfy the requirements of the consumer, and are priced much cheaper than Indian products.

10. As far as this Chamber is aware only mixtures of waste wool and shoddy, and of wool and cotton, are being imported. The increased demand for such classes of goods in this Chamber's opinion is due to the decrease in the purchasing power combined with a steady improvement in the manufacture of these mixtures.

11. This Chamber has no knowledge of any such imports into India.

12. There are no recognised differences of quality between Japanese, French, Italian, English and other European goods of the same class.

13. The Indian consumer, generally, cannot afford to pay a higher price for better stuff, whether foreign or Indian. Consequently he prefers cheaper woollen goods.

14. Yes, there is an increased demand for articles made of wool, particularly shoddy and mixtures.

15. The result of the successive increases in duty has been to raise the prices and to diminish sales.

16. The effect of the minimum specific duty of Re. 1-2 per lb. has been naturally adversely to affect the goods so taxed. The following imported articles which do not compete with Indian goods have been adversely affected:—Continental Velours, Suitings, Overcoatings, etc.

17. This Chamber has no remarks to offer.

18. This Chamber has already made strong representations to Government with a view to stopping the most reprehensible practice that has sprung

up in certain places, especially in the Punjab, of the wholesale slaughtering of newly born lambs and goat kids, which is most prejudicial to the raw wool trade.

19. This Chamber does not know.

20. In the opinion of the Chamber rationalised and improved marketing methods would help the Industry to extend sales rather than exceptionally high protective Tariffs.

21. This Chamber cannot make any definite suggestions but it certainly considers that there is a need for rationalisation.

22. Yes, imports of Continental manufactures have been adversely affected consequent upon Britain going off the gold standard. Imports of woollen goods from Japan have been helped by exchange factors since 1932.

23. No, this Chamber is of the opinion that the Indian woollen industry cannot be said to be a national industry in the sense that it is essential for the purpose of national defence, and is therefore not entitled to any consideration for protection irrespective of the general condition laid down in the Report of the Fiscal Commission.

24. In the opinion of this Chamber great doubts exists that the Indian woollen industry satisfies the three major conditions mentioned.

25. If it is considered that protection is necessary for safeguarding the industry, then, this Chamber's replies are:—

- (1) It considers the present tariff walls sufficiently high for the industry to thrive;
- (2) The present rate of duty should continue for not more than five years;
- (3) All imports from Japan should be regulated by means of a quota system as it sees no benefit in any additional duties being imposed and such quota to be determined by a reference to figures of imports during the last ten years.

26. In the opinion of this Chamber no protection should be granted against foreign goods that do not directly compete with Indian manufactures.

27. This Chamber is not opposed to protection being given to the industry, but considers that the existing tariffs are sufficiently high to meet all legitimate needs. This Chamber would not object to any proposal to grant of temporary protection provided it is of a reasonable measure, taking into account the present high tariffs, to enable the industry to adapt itself to the changes in tastes of the consumer and styles.

### **Wool Textile Delegation from the United Kingdom.**

*Replies to Questionnaire on Supplementary Indian Samples sent to Mr. A. H. Spink by the Tariff Board, received, Bombay, 24th April, 1935.*

*Question 1.*—Please examine these samples and say whether in your opinion any of them compare with the best, or any other class of United Kingdom goods in weave, design, and dyeing and finishing.

*Question 2.*—If they are in your opinion inferior in any of these respects, could you price them c.i.f. Bombay as if they were made in Great Britain and also give prices of actual Bradford articles of the same quality and structure.

*Answers to (Questions 1 & 2).*—The samples submitted compare more favourably with United Kingdom medium qualities than any previously put before me, but I do not consider them equal to comparable types of United Kingdom cloths. In weave, so far as the small samples show the weave, the Tweed qualities and Fancy Worsteds are good but not up to United Kingdom standard. In the plain worsteds they are definitely not so; they have the

same faults as previous Indian samples submitted to me, i.e., lack of finish in the bulk of the samples, absence of anything approaching newness of designs, most of which are obviously copies of old United Kingdom design; dyeing is also inferior to United Kingdom.

I give separately approximate prices for similar goods made in United Kingdom.

These prices must necessarily be approximate as it is obviously not possible to give to-day's prices for such a large range of samples without analysing them properly for which I have not the facilities.

The prices marked on the Indian samples are obviously "Cut Length" or "Suit Length" prices and wholesale prices would doubtless be at least 25 per cent. less, hence the marked Indian prices must be taken on a much lower basis when comparing the United Kingdom prices which are given on a wholesale c.i.f. basis.

*Question 3.*—Have you come across in the Indian Market Indian products equal to these samples? Please state to what period your experience applies and whether you refer to recent experience of the Indian markets.

*Answer.*—I have not come across such Indian productions in the Indian Market due to the fact that the basis of price is far too high for the wholesale bazaar trade and, in the "Fancies" the designs are quite old, in my opinion at least 5 years and some older.

I am given to understand by an Indian dealer—the largest Woollen and Worsteds Piecegoods dealer in India that the Cawnpore Mills sell these cloths through their several Agents varying in lengths from 3½ yds. to say 10 yds. to the Swadeshi Stores and not to the wholesale Piecegoods Markets. In other words it is a retail business and consequently does not enter into, or compete with the bulk selling of either United Kingdom, or other foreign markets. The fact remains, however, that so far as structure and quality of yarn is concerned they are an advance on anything I have previously seen from other Indian mills in the particular styles and it leads one to believe that the Cawnpore Woollen Mills at least, have the essentials of production of many styles. It would appear on the evidence before me, that they will not be competitive for some considerable time with United Kingdom productions so far as standard of work is concerned. But as I have previously pointed out the samples are priced in my opinion well above the actual bulk selling rate. Compared with Japanese productions the Indian Mills' light weight Worsteds particularly, will require a heavy protective duty to come anywhere near equation of the prices marked on the tickets.

*Report by Mr. A. H. Spink on Samples submitted (Cawnpore Woollen Mills) by the Indian Tariff Board.*

#### Book No. 1.

*Quality 7.*—Is not comparable with U. K. production. It was originally a French style and now Japanese. Japanese price Re. 1-2 c.i.f.

*Quality 6.*—This is also not a U. K. production. Mixture khaki shirtings are sold in bulk in India by U. K. at approximately 11d. per yard c.i.f. 29". The Indian quality all-wool, 54", made in U. K. would cost about 3s. c.i.f.

*Quality 551.*—Khaki wool flannel, 54", U. K., 3s. 6d. c.i.f.

*Qualities 3 & 5.*—No similar U. K. production.

*Quality 2.*—U. K. 3s. c.i.f.

#### Book No. 2.

*Qualities 1 & 2.*—White and Coloured Cricketing Flannel, U. K., 3s. 10d. c.i.f.

1560, 46 & 348.—Trousering Grey Flannel, U. K., 3s. 8d. c.i.f.

201, 202, 203 & 205.—Suiting Grey Flannel, U. K., 4s. 3d. c.i.f.

## Book No. 3.

*Quality 32, etc.*—Saxony Suitings (Full Range), U. K., 3s. 6d. to 3s. 10d. c.i.f.

## Book No. 6.

*Quality 640, etc.*—Raicina and Robagh Suitings, U. K., 3s. 10d. to 4s. per yard.

## Book No. 8.

*Quality 701, etc.*—Shahama Suiting, U. K., 3s. 10d. c.i.f.

*Quality 360.*—Burma Suiting, U. K., 3s. 8d. c.i.f.

*Quality 320, etc.*—Willington Suiting, U. K., 3s. 8d. c.i.f.

## Book No. 9.

*Quality 1, etc.*—Stp. Suiting, U. K., 3s. 11d. to 4s. 1d. c.i.f.

*Quality 402, etc.*—Logislam Suiting, U. K., 3s. 6d. to 3s. 8d. per yard c.i.f.

*Quality 170, etc.*—Durbari Suiting, U. K., 3s. 8d. to 3s. 10d. per yard.

## Book No. 10.

*Quality 19, etc.*—Tropical Worsted, U. K., 3s. 2d. to 3s. 3d. per yard c.i.f.

*Quality 202, etc.*—Sirdar Fancy Worsteds, U. K., 3s. 4d. to 3s. 6d. per yard c.i.f.

*Quality 180, etc.*—Sirhind Suiting, U. K., 3s. 2d. to 3s. 3d. per yard c.i.f.

## Book No. 12.

*Quality 552, etc.*—Lalane Suitings, U. K., 3s. 8d. to 3s. 10d. per yard c.i.f.

*Quality 555, etc.*—Stp. Lalane, U. K., 3s. 10d. to 3s. 11d. per yard c.i.f.

*Quality 557, etc.*—Lalino Suiting, U. K., 3s. 10d. to 4s. per yard c.i.f.

*Quality 559, etc.*—Lalaji Suiting, as 557.

## Book No. 13.

*Quality 2.*—Gaberdine White, U. K., 3s. 10d. to 4s. per yard c.i.f.

*Quality 4.*—Gabero White, U. K., 3s. 6d. per yard c.i.f.

## Book No. 15.

*Quality 549.*—Serge, U. K., 3s. per yard, c.i.f. (Comparative) Japanese Re. 1-2 per yard c.i.f. This is a very big Jap line.

*Quality 501.*—Serge, U. K., 3s. 10d. to 3s. 11d. per yard c.i.f.

*Quality 502.*—Serge, 4s. per yard, c.i.f.

*Quality 500.*—Serge, 3s. 4d. per yard c.i.f.

## Book No. 22.

*Quality 16.*—Broadcloth, U. K., 4s. per yard c.i.f.

*Quality 24.*—Broadcloth, U. K., 4s. 9d. per yard, c.i.f.

## Book No. 23.

*Qualities 1 & 2.*—Green Baize, 2s. 10d. to 3s. c.i.f.

*Quality 120.*—Broadcloth(?), 3s. 3d. per yard c.i.f.



**Bombay Woollen and Fancy Cotton Piecegoods Merchants'  
Association, Bombay.**

*Letter dated the 24th January, 1935.*

We beg to acknowledge receipt of your letter dated the 14th instant enclosing therewith a general questionnaire issued by the Tariff Board in connection with the enquiry into the claims of the Woollen Textile Industry for protection and as requested we are giving you below our replies to the said questions.

1. Meltons, Flannels, Serges, Blazers, Fancy Worsteds, Face Cloth. From England, Germany, Italy, Poland and Japan.
2. English Serges, Piece-dye Worsteds and Meltons.
3. We cannot say because every kind of higher and lower quality of all descriptions is imported.
4. No comparison has been made in Imported goods with Indian goods.
5. Goods are imported on the terms of c.i.f. c.i.
6. Foreign goods are sold to up-country buyers and freight and other charges are paid by them.
7. Yes. When we compare the prices of other countries with that of Japan we are led to believe that simply to compete with other countries Japan is selling goods for export to India at the prices below the cost of production.
8. We cannot say.
9. As regards shoddy wool, we are not in agreement with the statement under this clause.
10. Yes.
11. No.
12. Yes. The quality, finish and shades of English made goods are far superior to that of other countries.
13. No.
14. Yes.
15. No effect worth mentioning.
16. No. No effect on foreign goods of any description.
17. We do not know this subject and hence cannot give our opinion.
- 18 & 19. We do not know.
- 20 & 21. We have no suggestions to make.
22. Yes. Due to exchange factor France and Belgium, both these foreign producers, cannot sell for export to India.
23. Yes. Our Indian Wool Industry should be adequately protected.
24. Yes.
25. (i) The duty should be taken on weight after ascertaining the qualities of goods. As on lower qualities, the duty is Re. 1-2 per lb. which should be kept as it is and for higher qualities, the duty should be increased per lb. according to their prices.  
(ii) As long as other foreign countries keep on dumping their goods in India.  
(iii) The countries like Japan who sell goods at ridiculously low prices. Against such countries the protection should be given in Woollen goods.
26. Yes. The cloth which contains more than 10 per cent. wool must be taken on the same lines as a pure wool fabric for customs purposes.
27. No necessity for reply.

## Lahore Cloth Merchants' Association, Lahore.

*Letter dated the 15th February, 1935.*

I have the honour to submit answer to the general questionnaire issued by the Tariff Board on the question of protection to the Woollen Industry. This should be read along with our memorandum on the subject submitted at Lahore.

### GENERAL QUESTIONNAIRE.

1. The members of my Association deal in all types of woollen and worsted fabrics and hosiery goods which they obtain as far as possible from Indian mills, but they are compelled to buy goods imported chiefly from Japan owing to the low prices which are quoted for these. In the past the members purchased largely from the United Kingdom but, as the Indian mills developed, their importations from abroad decreased but during the last four or five years they have had to reduce their purchases from Indian mills owing to the severe competition experienced from Japan.

2. The members were formerly in a position to obtain most of their supplies of woollen goods from coarse blankets to fine worsted suitings from Indian mills but chiefly on account of Japanese competition have been forced to sell increasing quantities of Japanese goods.

3. The members of the Association do not maintain detailed statistics but estimate that the prices of worsted Japanese fabrics are as much as 50 per cent. less than those goods manufactured in Europe, India and the Continent.

4. As regards quality we consider that the old established Indian mills can compete with Japan in quality in all grades of fabrics but not in regard to price.

5. We purchase against documents or demand drafts and endeavour to sell at rates which show a margin of profit. Unfortunately, owing to severe Japanese competition it has not been possible for us to make profitable sales of Indian, Continental and United Kingdom products, while the frequent reduction of Japanese prices have made trading even in these goods difficult and operations have frequently resulted in a loss to importer and dealer.

6. This question would best be answered by one of the importing houses situated in the ports. My association is an association of retail dealers trading in Lahore.

7. We have reason to believe that dumping tactics are adopted by foreign producers, i.e., in calculating their export price they do not sell at a rate which covers their full overhead charges and, of course, they do not add any percentage of profit.

We know of no special factors existing to account for the intensive Japanese competition although it is common knowledge that Japanese manufacturers greatly benefit by the depreciated currency and there is no doubt that they receive indirect subsidies in regard to freight on the shipment of raw material (wool) to Japan and of manufactured goods to India.

8. The statement referred to is untrue. Most attractive and superior woollen, worsted and hosiery products are manufactured by the Indian mills, and the Indian industry if properly protected, should have no difficulty in supplying all that India requires. The development of the industry in the country will also be assured and it is obvious that money kept in the country will in itself help to improve the market for a better type of fabrics.

9. Imported Italian rugs compete directly with the Indian goods. It is very difficult to state what the relative values are likely to be, but we should say as between a shoddy rug and a pure wool rug of the same quality the pure wool article would be intrinsically worth at least half as much again as the shoddy article.

10. Naturally, importers of mixtures of pure wool, shoddy and cotton, etc., have taken advantage of the loop-hole in the tariff and this should

be rectified, as the sale by unscrupulous merchants of shoddy articles is misleading to the customer, to the genuine trader or purchaser and to the Indian industry alike.

11. We have no information on this subject.

12. Generally speaking, none.

13. No, at least not during the last two years. There was a considerable drop but conditions with regard to low purchasing power appear to have been stabilised.

14. There is an ever-increasing demand. As the result of the spread of education, better quality fabrics are demanded.

15. The increased duties had little or no effect on our sales of market prices as foreign countries have decreased their rates so as to meet the increase in duty.

16. The minimum specific duty of Re. 1-2 per lb. has not in any way affected Japanese imports—in fact they have steadily increased month by month. It certainly has some effect in regard to the imports of foreign countries from those countries which are still on the Gold standard.

17. This statement is hardly correct as variety of wools are produced in India.

As regards the improvement of Indian wools, this is a vast subject which can only be dealt with by experts and in any case it is one on which we are unable to advise

(a) It would appear to us that the obvious thing to do would be to ask some one with expert and intimate knowledge of the Woollen industry to accept a seat on the Imperial Council Research as he would be able to suggest the line of development and indicate the type of wools which are actually required by the industry in India.

(b) We are not in favour of a tax on imports of raw wool as this would handicap Indian industry.

18. We have no information.

19. We know nothing of the Managing Agency system but would remark that the most-up-to-date and successful mills appear to be those that are not run under the Managing Agency System.

20. We do not think there is anything wrong with the marketing methods at present in force. The difficulty experienced is a question of price and no country has been able to produce goods which in any way from the price point of view, compare with the Japanese.

21. We are not in a position to discuss this subject. Rationalization does not appear to be the difficulty, but subsidized competition either by exchange manipulation or other methods.

22. We know of no material change except that already referred to which has enabled countries with a depreciated currency to flood markets to the detriment of the dealer and manufacturer alike.

23. We certainly regard the Woollen Industry as being an industry of national importance and for national defence purposes we are of the opinion that it must be adequately protected irrespective of the general conditions laid down for the protection of the industry. We consider there was ample proof during the period of the Great War when large quantities of woollen goods had to be imported for the use of British and Indian troops in Egypt, Mesopotamia, Persia and India of the necessity of such protection. We have reason to believe that very large quantities of such goods were lost on route owing to submarine warfare and in view of the development of new methods of offence difficulties have increased rather than decreased.

24. Yes. We have explained this in our memorandum submitted at Lahore.

25. (a) Suitable tariff should be fixed so that foreign manufacturers should not be able to underquote Indian mills.

(b) The period for which it should be imposed should, we suggest, be not less than ten years in the first instance.

(c) Protection should be given against all types of imported woollen, worsted, union and hosiery goods. The effect of protection afforded to the hand-loom and hosiery industries should be such as would enable these industries to increase greatly the present output.

26. Yes, any article containing over five per cent. cotton should be subject to the same tariff as is imposed on the pure woollen fabric.

27. Generally, we think that the figures of imports from Japan during the last four years indicate the absolute necessity for a protective tariff unless the Indian industry is to be wiped out but we do not think that any tariff which Government might care to fix would keep out Japan and therefore we suggest that a quota be fixed on the basis of imports for the years 1930 to 1932 plus a tariff which will ensure the result aimed at being obtained.

### **Delhi Piecegoods' Association, Delhi.**

*Letter No. 1020, dated the 15th March, 1935.*

With reference to your letter No. 22 of the 14th January, 1935, I am directed to send you herewith the replies of this Association (with 9 spare copies) to the general questionnaire issued by your Board in connection with the enquiry into the claims of the woollen textile industry for protection. The sample cuttings referred to in the replies are also sent.

If necessary, my Association would be willing to send one or more representatives to give evidence before the Board.

Enclosure.

DELHI PIECEGOODS, ASSOCIATION.

#### *Answers to General Questionnaire issued by the Tariff Board regarding Enquiry into Woollen Textile Industry.*

1. Our members import the following woollen goods from the countries shown against each:—

Woollen and worsted suitings, coverts, coatings, serges, gaberdines, etc., of weight 6 to 16 oz., major portion from Japan and rest from England, Italy, France, Czecho-Slovakia;

Meltons: weight 16 to 24 oz., very small quantities, from England.

Blazer cloth and flannel: weight 12 to 20 oz., from Japan, England, Italy, Germany and Holland.

Khaki coating: weight 20 to 32 oz., mainly from England.

Tweeds: weight 16 to 20 oz., chiefly from England and small quantities from Germany, France and Italy.

Broad cloth: in very small quantities, mainly from Germany and Italy.

Khaki flannel: weight 12 to 18 oz., from England.

Overcoatings: weight 20 to 32 oz., small quantities, mainly from England.

Dyed Cashmere cloth:

Plain, from France, Germany and Switzerland.

Embroidered, from Germany, Switzerland, Italy, Austria.

Shoddy and waste wool:

Meltons: weight 16 to 24 oz., from Italy and Poland.

Khaki flannel: weight 12 to 18 oz., from Italy.

Overcoatings: weight 24 to 36 oz., from Italy and Poland.

## Yarns:

Hosiery yarn (dyed and grey) 2/10s to 2/6ds and 3/10s to 3/80s, from Japan, England, Poland, Germany.

Knitting yarn (dyed and grey), England and Japan.

Blankets and Rugs (Rugs mostly made of shoddy and waste wool), Italy, England and Japan.

2. There has been a vast increase in the imports of Japanese woollen goods, a certain increase in British goods, but heavy decreases in Continental imports.

French and Czecho-Slovakian woollens have practically been driven off the markets.

Imports of meltons have more or less been stationary.

3. Records are not maintained of this for the reason that fashions and qualities of woollens change practically from year to year. Certain styles supplied by England in one year may be competed for by France the next year, then by Italy the following year and perhaps subsequently by Japan. Standard brands and well-known uniform qualities as in the cotton and rayon trade have hardly any parallel in woollens.

4. Imported goods are mostly different in style and quality and price from the Indian manufactured goods. A vast amount of manufactures of shoddy and wool are imported which do not correspond to Indian manufactures at all. We enclose cuttings—

- (a) representing shoddy wool Army coating 1d. per yard c.i.f.c.i. which works out at Re. 1-8 ex-godown delivery;
- (b) Dhariwal at Rs. 4-3-6 per yard; and
- (c) Lalimli No. 275 at Rs. 3-13 per yard.

Rugs is another line of imports worth considering; where certain serviceable and well finished imported designs can be had for Rs. 6 to Rs. 7 each, retail prices, corresponding rugs of Indian manufacture are priced at from Rs. 15 to Rs. 20 each. The divergence of prices for more or less the same appearance and design is so great that it is doubtful if it can be breached by any protective duty enough to lend tangible assistance to Indian manufactures. Judging from past experience we can safely say that no Indian mill can produce double-face rugs in comparison with those imported from Italy—price for price, weight for weight, appearance for appearance. We are in a position to state that these rugs are bought by middle class people and are very serviceable and last for years and years. If the import of these rugs in particular is restricted by imposing additional duty it would mean sheer penalisation of the consumers, especially during these days of stress and strain, as most of the people using these rugs will not be in a position to go in for Indian made rugs at much higher prices.

5. Usually business is done on the basis of c.i.f.c.i. or free Indian harbour terms and delivery is made against cash or credit up to 90 days.

6. Importers in the up-country markets purchase direct from oversea manufacturers or shippers and sell the goods in turn to their buyers either before or after the arrival of the shipments.

The gross commission paid to the importers varies from 2 to 5 per cent. out of which they have to defray all office expenses, cable charges, brokerage and rebates to their dealers.

The freight from Bombay to Delhi is: Owners' Risk, Rs. 2-9-3 and Railway Risk, Rs. 3-6-11 per maund and that from Karachi and Calcutta to Delhi is nearly the same. While from Delhi to Bombay and Calcutta the freight at Owners' Risk is only Re. 1-8 per maund, and from Cawnpore to Calcutta is Re. 1-1 per maund. The object of these variations is simply to give facilities to the Indian industries.

7. So far as European countries are concerned we have no reason to suppose that the prices at which the manufacturers sell for export to India are below the cost of production. But as regards imports from Japan, costing calculations based on actual facts seem to fail to explain the ridiculously low price and hence there are serious suspicions that Japanese goods dumped in this country are sold below actual cost of production.

Excepting goods from Japan, therefore, there does not seem to be any facts relating to woollen imports from European countries which are not likely to continue indefinitely.

8. As Indian mills are not laid for the manufacture of superior and attractive classes of goods and as there are few facts and circumstances to warrant expectations of such strides in enterprise as alone can lead to manufacture of styles and classes of goods calculated to compete with the goods of British and Continental manufacture we do not think that any real question of competition does or could arise as to these classes of goods in the near future. And if by any intensive process of rationalising these Indian mills succeed in launching on a successful manufacturing and marketing of the superior and attractive classes of woollen goods, it would be a very long time before the increasing demands would be met by the productions of the purely indigenous manufactures. Such a hypothesis is according to our view a bit far fetched.

9. There may be said to be an indirect competition between certain classes of pure wool Indian articles and imported articles of shoddy or waste wool in the sense that before the advent of the latter consumers used to purchase some cheaper quality pure wool goods or mixtures of wool and cotton. The shoddy wool articles which are replacing certain cheaper pure wool goods are of sufficient weight and warmth to satisfy consumers for the purposes for which they are purchased and are priced much cheaper than Indian products. Strictly speaking therefore there is no competition as they are really two entirely different classes of goods.

10. No cloth containing a mixture of pure wool and shoddy wool is being imported, to our knowledge. Mixtures of waste wool and shoddy are being imported as also of wool and cotton but we do not think there has been any improvement in the imports of these due to recent tariff changes. We think, however, that due to the decrease of purchasing power combined with a steady improvement in the manufacture of these mixtures from abroad there is an increased demand for such classes of goods.

11. To our knowledge no goods made of synthetic wool from jute have been imported to India.

12. There is no recognised difference of quality between Japanese, French, Italian, English and other European goods of the same class.

13. Generally, preference is given to cheaper woollen goods because the majority of the Indian consumers cannot afford to pay higher prices for better stuff, whether Indian or foreign. Also because in cheaper qualities foreign goods are of better finish and style than Indian manufactures.

14. Yes, there is taking place an increased demand for articles made of wool, specially shoddy and mixtures.

15. The result of the successive increases in duty has been to raise the prices and to diminish the sales particularly of Continental goods. The extreme cheapness of Japanese goods have naturally put the figures of Japanese imports excessively high so much so that the statistics of the last nine months of 1934 show that Japanese imports constitute over half the amount of total imports of woollens.

16. The effect of the minimum specific duty of Re. 1-2 per lb. has been naturally to adversely affect the goods so taxed as the prices have gone up. Most of such goods bearing the specific duty and which have been adversely affected are Continental velours, suitings, overcoatings, etc., and these imports do not compete with Indian manufactures.

17. We have no opinion to offer.

18. We are not directly interested in this question but we have been informed that slaughter of ewes or lambs is being wantonly and injudiciously resorted to and that these practices are calculated to bring about an ultimate prejudice to the raw wool trade in the future and as such the matter should certainly receive the earnest attention of the authorities.

19. We do not know.

20. Marketing methods are not similar or uniform in this country but we think that rationalised and improved marketing methods would help the Indian woollen industry to extend sales, and by adjustments and adaptations brought about by better methods of marketing than by asking for exceptionally high protective tariffs which recoil on consumers whom it tends to antagonise thereby.

21. That there is need for rationalisation seems to be indisputable but we cannot make any definite suggestions.

22. Imports of Continental manufactures have been very adversely affected as a result of Britain's going off the gold standard. Imports of woollen goods from Japan have been helped by exchange factors since 1932.

23. No. We are emphatically of the opinion that the Indian woollen industry cannot be said to be a national industry in the sense that it is essential for the purpose of national defence and is therefore not entitled to any consideration for protection irrespective of the general condition laid down in the Fiscal Commission's Report.

24. We think that there are great doubts as to whether the Indian woollen industry satisfies the three major conditions mentioned.

With regard to (a), to all appearances the industry would seem to possess natural advantages but whether the conditions relating to the supply of raw materials as obtained now could be said on careful analysis to amount to a definite advantage or as merely pointing to the possibility of advantage cannot be decided without close examination.

(b) If condition (a) can be regarded as having been fulfilled then it is feasible that this condition does appertain but then the present rate of tariff is most certainly sufficient for the purpose and more protection would defeat the object by temporarily spoon-feeding an industry which is doomed to failure.

(c) The industry certainly shall never be able to face world competition if it is in such a state that the present rate of protective tariff requires to be enhanced or even continued for long.

25. If it is considered that protection is necessary for safeguarding the industry, then,

- (1) we consider the present tariff walls sufficiently high for the industry to thrive;
- (2) the present rate of duty should continue for not more than five years;
- (3) all imports from Japan should be regulated by means of a quota system as we see no benefit in any additional duties being imposed and such quota to be determined by a reference to figures of imports during the last ten years.

26. We are emphatically of the opinion that no protection should be granted against foreign goods that do not come into direct competition with Indian manufactures such as shoddy and mixtures.

We consider that 90 per cent. or more of wool in a mixture cloth would be sufficient to justify its treatment on the same lines as a pure wool fabric for purposes of customs duty.

27. We are not opposed to any reasonable measure of protection being given to the industry and as we have stated elsewhere, the present tariffs are sufficiently high to meet all reasonable and legitimate needs and demands. At all events, it is quite a fair proposition to grant a temporary protection provided it is of a reasonable measure (and the present rate, as pointed out, is sufficiently high for this purpose) to enable the industry to adapt itself to changes in styles and tastes.

In submitting the above answers to the Questionnaire the Delhi piece-goods Association beg to refer to their memorandum No. 922, dated the 17th November, 1934, addressed to the Secretary, Tariff Board, which contains many details and explanations of the answers. The Association further beg to draw attention to the two extremely outstanding examples of lines of imported wool manufactures on which any protective duties in the light of the objective of the questionnaire would seem to be unnecessary and unjustifiable. Such lines are shoddy wool goods and embroidered woollen piecegoods. Shoddy wool and embroidered woollen piecegoods are not manufactured in this country at all and as such do not enter into competition with the Indian industry. The Indian industry is not likely to suffer or lose by these two imports because consumers who purchase these two lines of goods have no substitutes or counterparts in Indian manufactures which they can or will buy instead. A high duty on these goods, therefore, cannot be of any protective nature but would be tantamount to penalising some consumers and preventing others from purchasing an article of necessity, which is normally of a price within their means.

This Association further draws attention to a significant fact that the Indian woollen industry pressed no claims or complaints till the influx of Japanese woollen imports began. Imports of British and Continental woollens have been going on for years past and have existed all the time since the beginning of the Indian woollen industry which has presumably not been adversely affected as a consequence thereof. As an immediate antecedent to the adverse effect on the Indian woollen industry, the Japanese woollen imports would seem to be the cause of such adverse effect. If that is so, then a very stringent measure against Japanese woollen imports would seem to be necessary. But as no discriminatory tariff can be imposed against Japanese imports, and as in fact it is doubtful if the highest possible tariff wall would prevent the dumping of Japanese woollen imports as was exemplified in the case of imports of Japanese cotton goods into this country, quota system would seem imperatively necessary as the only possible solution. A significant side issue is the fact that Japanese exporters are able to and actually do lower prices of even advance orders for future shipments consistently with the lowest possible market prices. This is never done by any other than Japanese exporters as the prices quoted by exporters cannot be lowered below the costs of production irrespective of whether prices in a particular market due to causes outside the control of the manufacturers, happen to be lower than the cost of production.

This Association therefore submits that if it is considered fair and advisable to continue the protective tariffs the following adjustments be recommended:—

- (a) that no duties be raised higher than at present,
- (b) that duties on such goods as shoddy and embroidered woollen piece-goods be lowered inasmuch as these goods do not directly compete with Indian manufactures while they definitely benefit the vast bulk of consumers who require these goods and demand these and these only,
- (c) that a quota based on a proper examination of import figures during the last ten years and other relevant factors be fixed on Japanese woollen imports.



## Marwari Trades' Association, Calcutta.

*Letter dated the 13th May, 1935.*

We beg to acknowledge with thanks the receipt of your letter No. 286, dated the 10th ultimo, and the enclosed questionnaire. We are sending you enclosed seven copies of our short Memorandum on the subject. As we had to circulate the questionnaire to our various members, it naturally took time, and we could not reply you earlier.

Enclosure.

### MEMORANDUM ON THE PROTECTION TO WOOLLEN INDUSTRY SUBMITTED TO THE TARIFF BOARD BY THE MARWARI TRADES' ASSOCIATION, CALCUTTA.

The woollen industry of India is only one of the minor industries of the country. There are only 17 mills and the total capital invested in the industry is barely about Rs. 2 crores. It is not by any means an important, much less a key industry of the country. It cannot by any stretch of imagination be considered as one of the industries of national importance. Not even those who are clamouring for protection can lay claim that it is "essential for the purposes of national defence, and as such should, if necessary, be adequately protected, irrespective of the general conditions laid down for the protection of industries". It is the opinion of this Association that the indigenous woollen industry would never become an industry of any importance, as the climate of the country precludes the wearing of woollen clothes for 9 to 10 months in the year. The Fiscal Commission has laid down three conditions for granting protection to any industry. The first condition which any industry claiming protection ought to satisfy the public is that the industry possesses national advantages by way of raw materials necessary for the manufacture and an assured market. The wool produced in this country as is well known is of the coarsest type. Nearly seventy-five per cent. of the wool-bearing sheep produce only a kind of hair and not wool as it is understood in the woollen industries of Australia, Italy, etc. As regards the market it is very limited in India. The chances for expansion also are very limited. The majority of people require only the coarse woollen blankets which not only serve them to ward off the cold in winter but also as "bed, protinantean, over-coat or umbrella". These blankets or "kumbies" as they are called in the Indian vernaculars are produced almost entirely on a cottage industry basis. As these are manufactured to meet their local demands there is no question of competition from the imported goods. The second and the third conditions laid down by the Fiscal Commission are that the industry should be one which without the help of protection is either not likely to develop at all or is not likely to develop rapidly as is desirable and that the industry should be one which will eventually face world competition without protection. When the industry possesses very little natural advantages and the market in India itself is very limited, the other considerations need not be taken into account.

It is no doubt true that shoddy made as well as mixed woollen articles have been recently pouring into the country. Considering their cheapness, the poverty-stricken nature of people who cannot afford to buy costly articles and the short Indian winter, there is nothing to be alarmed at their importation in large quantities.

The handloom weavers of wool and the woollen hosiery industry which is lately getting to be well developed, all depend on the imported woollen yarn. The existing duty of 35 per cent. *ad valorem* on woollen yarn from foreign countries and 25 per cent. *ad valorem* on that imported from the British Empire itself weighs heavily on the woollen hosiery and handloom industry. Any further enhancement in the duty is bound to cripple these two industries. Further, neither of these two suffer from any competition with

imported goods since the latter differ from the former in varieties as well as qualities.

The Marwari Trades' Association therefore concludes that any protection granted to the woollen industry would be unwarranted and iniquitous. The result of granting protection would be the raising of prices and the fleecing of the millions of poor voiceless consumers.

### **Messrs. Jivandas Bhanji & Co., Bombay.**

*(1) Letter dated the 23rd January, 1935.*

We beg to acknowledge receipt of your letter dated the 14th instant enclosing therewith a general questionnaire issued by the Tariff Board in connection with the enquiry into the claims of the Woollen Textile Industry for protection and as requested we are giving you below our replies to the said questions.

1. Meltons, Flannels, Serges, Blazers, Fancy Worsteds, Face Cloth. From England, Germany, Italy, Poland and Japan.

2. English Serges, Piece-dye Worsteds and Meltons.

3. We cannot say because every kind of higher and lower quality of all descriptions is imported.

4. No comparison has been made in Imported goods with Indian goods.

5. Goods are imported on the terms of c.i.f.c.i.

6. Foreign goods are sold to up-country buyers and freight and other charges are paid by them.

7. Yes. When we compare the prices of other countries with that of Japan we are lead to believe that simply to compete with other countries Japan is selling goods for export to India at the prices below the cost of production.

8. We cannot say.

9. As regards shoddy wool, we are not in agreement with the statement under this clause.

10. Yes.

11. No.

12. Yes. The quality, finish and shades of English made goods are far superior to that of other countries.

13. No.

14. Yes.

15. No effect worth mentioning.

16. No. No effect on foreign goods of any description.

17. We do not know this subject and hence cannot give our opinion.

18 & 19. We do not know.

20 & 21. We have no suggestions to make.

22. Yes. Due to exchange factor France and Belgium, both these foreign producers, cannot sell for export to India.

23. Yes. Our Indian Wool Industry should be adequately protected.

24. Yes.

25. (i) The duty should be taken on weight after ascertaining the qualities of goods. As on lower quality, the duty is Re. 1-2 per lb. which should be kept as it is and for higher qualities, the duty should be increased per lb. according to their prices.

(ii) As long as other foreign countries keep on dumping their goods in India.

(iii) The countries like Japan who sell goods at ridiculously low prices. Against such countries the protection should be given in Woollen goods.

26. Yes. The cloth which contains more than 10 per cent. wool must be taken on the same lines as a pure wool fabric for customs purposes.

27. No necessity for reply.

(2) Letter dated the 17th April, 1935, from Messrs. Jivandas Bhanji and Company, Bombay.

Further to my written representation to the Board, and supplementing my oral evidence, I should like to draw the attention of the Board to the necessity of making suitable recommendations which would prevent the imports of woollen and worsted fents affecting the importations of woollen and worsteds piecegoods adversely. At the present time, all classes of fents, whether they are made of cotton, wool, artificial silk or silk, are subjected to a duty of 35 per cent. *ad valorem* when imported from foreign countries. No specific duty is levied on these goods. The definition of the term "Fents" permits damaged lengths of cloth not exceeding 4 yards to be imported as fents, but in actual practice, it is extremely difficult for the customs authorities to prevent the importation of undamaged piecegoods specially cut in small lengths from coming in. In the case of woollen and worsted goods, which are usually made in widths of 50" to 56", a 3 yards length would provide sufficient material to make a complete suit, and we are very much afraid that unless the definition of woollen and worsted fents is altered, Japanese shippers will take advantage of the definition and commence to import 3 yards suit lengths on a large scale.

It is well known in the bazar that at the present time cotton and artificial silk fents have been imported from Japan to evade the ordinary cotton piecegoods duty and the quota restriction, and in our opinion, the Board should take steps to see that any danger to legitimate woollen and worsted piecegoods business is avoided. If quotas are recommended by the Board, then, woollen fents should be included in the quota. If quotas are not recommended by the Board as a means of protecting the indigenous industry, then the definition of woollen and worsted fents should provide that nothing but damaged goods can be imported, and that the length of any particular piece in any woollen or worsted fent consignment shall not exceed  $1\frac{1}{2}$  linear yards or alternatively that the area should not exceed two yards.

As regards the rate of duty, we consider it necessary that it should be at least equal to that recommended for woollen and worsted piecegoods.

Similar steps we recommend to prevent importation on large scales of ready made coats and overcoats of woollens.

### **Messrs. Gorio, Limited, Bombay.**

*Letter dated the 24th January, 1935.*

In reply to your letter No. 22 of the 14th January, 1935, and to the enclosed questionnaire on Woollen Piecegoods, we beg to submit you the following replies:—

1. Since 30 years our firm is importing Woollen and Shoddy Piecegoods from England, Germany, Poland and Italy. Our principal lines are Woollen Cashmeres, Suitings, Chester Cloth, Serges, Gabardines, Whip Cord, Blazers, Khaki Flannels, Rugs, etc. Our main connections are with Italy, wherefrom the bulk of our imports is coming, but substantial business are also dealt by us in English, German and Polish goods.

2. No particular line of imports has shown any substantial increase during the last 5 years. There has been a decrease in imports during the years of the boycott, but lately figures have come up again to the level of the years 1928-1929-1930. This mostly applies to the goods, made of Shoddy, whereas for goods, made of pure Wool, the Japanese competition has lately affected most of imports from European Countries.

3. We have already replied to this question through the Bombay Chamber of Commerce.

4. Imported goods are generally superior in quality to goods, produced in India. India does not produce fine Woollen Goods, nor goods made of Shoddy, and the comparison is, therefore, impossible. In such lines, as Coarse Serges, Army Cloth and Coarse Flannels, the imported goods have a better finish than the locally produced goods, the level of prices being about the same, taking into consideration the present Duty on such goods.

5. The usual terms of business for Woollen Piecegoods are on c.i.f. basis, Cash payment, or 30 to 60 days, D/A, or D/P.

6. The usual procedure for distributing Woollen Goods is the following:— Wholesale bazaar dealers are indenting a certain quantity of a certain article, in specified assortment. On arrival of the various lots, the wholesale dealer takes delivery and re-sells the goods to Up-Country buyers, with a certain margin of profit, such as the market consents. There are also in Bombay some Commission Agents for Up-Country buyers, who are dealing in these goods on commissions not exceeding 3 per cent. We may mention here that during the last year dealers have sustained heavy losses on Woollen Goods, which losses are mostly due to the Japanese competition.

7. We have no reasons to suppose that the prices, at which foreign producers are selling to India, are below cost of production. Taking, however, in consideration the European basis cost of production, Japanese goods have come to the Indian Markets at a much lower basis for similar articles. The low prices of Japanese competition were explained in the beginning, as the result of heavy purchases of raw materials effected by Japan, prior to the abandonment of the Gold Standard to the Yen. Subsequently, such reason has ceased to exist, and now-a-days Japan still sells at even lower prices.

8. We do not think that the Indian production of Woollen Goods can cope with the modern Indian demand for such goods. In goods of superior class, Indian industry has to import raw materials from foreign countries, and the installations and labour are not sufficient, nor well organized. In our opinion, it will take a very long time, a substantial investment of capitals and the creation of a skilled labour, before the Indian Woollen Industry can meet the demand of the market.

9. Imported articles, such as those known in the market, as Sayas, and Check and Coloured Meltons, made of Shoddy, cost between 1s. 6d. and 1s. 10d. per yard, c.i.f. Indian Ports. Indian Coarse Cloths, such as Coarse Serges, or Military Cloth, of approximately of same weight, cost from Rs. 4 to Rs. 4-8 per yard. A good article, made of Shoddy, will last from 3 to 4 years. The Indian article, made of Coarse Wool, will last the maximum 4 to 5 years. The poor Indian consumer cannot afford to buy a cloth at Rs. 4 per yard, and the imported Shoddy Goods are comparatively cheaper and better. The same remark applies to Shoddy Rugs, if compared with the locally produced Woollen Rugs. Besides, the imported Rug is much softer, more attractive, and has been proved to be very durable and warm. Such imported Rug, made of Shoddy, enjoys to-day the decided preference of the Indian consumer.

10. In our opinion, recent changes in the whole Tariff have not stimulated the imports of Mixed Goods, pure Wool and Shoddy. The increase in the demand of such goods, from Indian consumers, is mostly due to a decreased buying power for superior goods.

11. No.

12. There are no recognised differences between French, Italian, English and other European Woollen Piecegoods. Qualities are comparatively similar. For what concerns Japanese Piecegoods, we have been reported of several complaints, owing to colours not being fast, owing to goods shrinking and owing to lack of durability.

13. Yes.

14. There is a tendency in the Indian Public to use more Woollen Goods in their style of dressing, specially from Central and Northern Markets. Such tendency accounts for a gradually higher demand for Woollen and Shoddy Goods.

15. The recent increases in Duty, since 1931, have caused a corresponding increase in the market prices. As a consequence, our imports of Woollen Piecegoods have steadily decreased, and at present our sales of European Woollen Piecegoods are practically nil. Such enormous decrease in our business is not only due to the increased Duty but also to Japanese competition. Japanese prices are so low that they can still overbridge the Duty difference.

16. The effect of the Re. 1-2 Specific Duty has been that several imported Mixed Goods have disappeared from the market. It has adversely affected several qualities of Mixed Suitings, Mixed Trouserings, Mixed Flannels, etc., which are produced on a very low scale by the Local Industry.

17 & 18. We are not in a position to reply to this question.

19. It is a question of daily topic that the Managing Agencies system is generally detrimental to the Local Textile Industry. However, since our business are limited to Import and Export, we are not in a position to go deep into this question.

20. We understand from the market that there are several complaints about the marketing methods of the Local Woollen Industry; but we are not in a position to give details, as we are not in this business.

21. In our opinion, the present organization of the Woollen Mill Industry is not adapted to meet foreign competition. On a very limited number of looms, which are not modern, the Local Industry wants to produce too many articles, without specializing in any. Besides, they are lacking skilled labour for Woollens. If the few existing Mills would try to specialize only on certain Standard articles, they could certainly achieve better results.

22. The only material change since 1932 in foreign Exchanges, has been the depreciation of the Yen, which is one of the reasons explaining the amazingly low prices of Japan.

23 & 24. No.

25. If it is found essential that the Local Industry should be somehow protected, or encouraged, we suggest that a Quota basis should be established for the import of foreign Woollen and Shoddy Goods, taking as basis the imports from various countries during the last 5 fiscal years, ending in March, 1934. Such Quota basis to run for a period of, say 5 years, in order to give a chance to the local production, for a better organization. In our opinion, however, the Local Industry is sufficiently protected by the existing Duty.

26 & 27. No.

### **Messrs. E. Spinner & Co., Bombay.**

*Letter dated the 31st January, 1935.*

We duly received your circular of the 14th January enclosing general questionnaire. As, however, most of the questions have been replied to by the Chamber of Commerce, of which we are members, and since we are in agreement with the answers given by the Chamber, we only propose now to reply hereunder to the questions not answered by the Chamber.

1. We send you herewith samples showing the principal lines of woollen goods imported by us. The whole range is made in England.

2. For all the goods sampled herewith the tendency of our imports for the last 5 years has been to decrease.

15. We think there is little doubt that the successive increases of duties since 1931 have been largely responsible for this decrease in imports.

(2) *Letter No. 95, dated the 4th February, 1935, from the Secretary, Tariff Board, to Messrs. E. Spinner and Company, Bombay.*

With reference to your letter of the 31st January, 1935, I am directed to acknowledge receipt of the samples of woollen goods forwarded therewith and to ask you to be so good as to supply the Board with the c.i.f. prices of the same at an early date.

(3) *Letter dated the 5th February, 1935, from Messrs. E. Spinner and Company, Bombay.*

As requested in your No. 95, dated the 4th February, we send herewith a duplicate set of samples with the c.i.f. prices marked thereon in Shillings and Pence.

Enclosure.

*C.i.f. prices of woollen piecegoods per yard received from Messrs. E. Spinner and Company, Bombay.*

Number of sample	s. d.	Number of sample	s. d.
1 . . . . .	12 10	16 . . . . .	3 1
2 . . . . .	6 7	17 . . . . .	3 1½
3 . . . . .	7 0	18 . . . . .	3 1
4 . . . . .	5 2	19 . . . . .	2 7½
5 . . . . .	7 4	20 . . . . .	2 6½
6 . . . . .	4 11	21 . . . . .	3 11
7 . . . . .	3 2½	22 . . . . .	2 5
8 . . . . .	5 0	23 . . . . .	1 7
9 . . . . .	3 2	24 . . . . .	1 6
10 . . . . .	3 2	25 . . . . .	1 5½
11 . . . . .	4 0	26 . . . . .	10 5
12 . . . . .	5 0	27 . . . . .	6 10
13 . . . . .	3 8	28 . . . . .	6 4½
14 . . . . .	4 ½	29 . . . . .	6 7
15 . . . . .	3 0	30 . . . . .	6 7

**Messrs. Ralli Brothers, Limited, Bombay.**

*Letter dated the 4th February, 1935.*

#### INDIAN WOOLLEN INDUSTRY.

We send you herewith our replies to the general questionnaire sent us with your letter dated the 14th January, 1935.

*Replies to the General Questionnaire issued by the Tariff Board.*

1. Our principal line of imports is rugs from Italy. Our imports of rugs from Italy are 100 per cent. of our business in rugs.

2. There has been no tendency to increase or decrease in our business during the last 5 years.

3 & 4. Information has been given by us to the Bombay Chamber of Commerce who are incorporating it in their reply to this questionnaire.

5. The usual terms of business for imported goods are c.i.f.c.i. cash against documents, or with 60 days' credit.

6. The usual procedure for distribution of foreign piecegoods to up-country markets is that important dealers at the ports indent direct through

importing firms and in their turn sell to smaller port and up-country dealers. We are not aware of any commissions paid to middlemen.

The freight to principal up-country markets from Bombay are as under:—

	C/Risk. Per Railway maund.	R/Risk. Per Railway maund.
	Rs. A. P.	Rs. A. P.
Delhi . . . . .	2 9 3	3 6 11
Indore . . . . .	1 7 7	1 15 3
Ajmer . . . . .	1 13 5	2 7 0
Cawnpore . . . . .	2 4 2	2 15 3
Amritsar . . . . .	2 14 10	3 13 3

7. We have no reasons to believe that the prices at which foreign producers sell for export to India are below the cost of production nor are we aware of any special factors to account for the intensive competition from foreign countries, which are likely to continue indefinitely.

8. We are of opinion that Indian production will not be able to meet the modern Indian demand for a superior or more attractive class of goods owing to lack of skilled labour and suitable raw material.

9. Information supplied to the Bombay Chamber of Commerce for incorporation in their reply.

10. Yes, but the improved demand is due not solely to the changes in the tariff but largely to decreased buying power of the consumer together with the improved appearance of mixtures and shoddy cloth imported.

11. We have no knowledge of imports of articles made wholly or partly of synthetic wool.

12. We are not aware of any recognised difference of quality between Japanese, French, Italian, English and other European imports of woollen goods.

13. Yes.

14. There is a small but steady increase in the demand for articles made of wool as the cost of the woollen article has been reduced considerably, and Indians are adopting European attire in increasing numbers.

15. None.

16. The price of imported pure wool goods has been raised owing to the adverse effect of the minimum specific duty on such goods which contain many styles that do not compete with Indian manufactured goods.

17. We have no suggestions to make but we believe that experiments made for the improvement of the quality of Indian wools have not been very successful.

18. We have no knowledge on this subject.

19. This is a question which has been discussed at length in connection with the Cotton Textile industry and the Board will no doubt have many views before it.

20. We have no knowledge of the marketing methods in the Woollen industry or any suggestions to make.

21. No.

22. There has been no material change in the exchange factor excepting the depreciation of the yen.

23 & 24. No.

25. A quota system based on the imports during the past 10 years might be introduced if it is considered necessary to afford some protection for the safeguarding of the woollen textile industry.

26. We are strongly opposed to any protection being given against goods of mixed wool and other materials.

27. We are opposed to any protection being given to the local woollen industry as the present revenue duties afford it a considerable protection.

**Messrs. Gurunditta Mall Ananat ram and other Manufacturers of Shawals, Chaddars and Dhussas at Jalalpur Jattan.**

*Letter dated the 10th February, 1935.*

**ANSWER TO THE WOOLLEN ENQUIRY BY THE TARIFF BOARD.**

1-2. We, the manufacturers of Shawals, Chaddars and Dhussas at Jalalpur Jattan are not direct importers of any woollen goods from any foreign country. But we only buy the imported woollen yarn mostly from Amritsar. The countries exporting this yarn to India are Poland, France, Belgium, Japan, etc. Poland and Belgium were the leading exporters of this yarn in Indian market for the last few years. But now Japan has, by dint of cheapness, while quality of goods remaining as good as of other exporters, has ousted all of them. In these days the imports from Japan are not less than 95 per cent. out of total woollen yarn imports used in our manufactures. This conquest of Indian market in woollen yarn by Japan is very recent, i.e., only of about three years back when she went off the gold standard. Because of cheapness of Japanese goods the demand is rising by leaps and bounds.

3. This question is out of our scope to answer as we are not direct importers of woollen yarn.

4. The woollen yarn imported from Japan and other countries is of very superior quality which Indian mills, under the present circumstances cannot make. The yarn they manufacture is of very coarse quality and cannot vie with the foreign made yarn. Because of this coarseness and roughness we cannot use it as it brings a bad finish to our goods. Moreover the price of Indian made yarn is comparatively very high. For example yarn of 32/1 counts manufactured by Dhariwal is very dirty, rough and coarse and also very dear while the same manufactured by Japan and other countries is well washed, lustrous and white with its price cheaper than the former.

5-6. The direct importers of woollen yarn with whom we have to deal are mostly at Amritsar. Sometimes we buy our goods from them to be delivered at Karachi port and sometimes ready at Amritsar. The commission we pay to middlemen is usually As. 5 per cent. The Railway freight from Amritsar to Gujrat is about one rupee per bale of 2½ maunds and about six annas a bale from Gujrat to Jalalpur.

7-8. To the best of our knowledge and understanding the prices quoted by the foreign exporters are not below their cost of production. Undoubtedly the price of Japanese goods is very low as compared with that of others.

(a) But this does not mean that Japan is dumping her goods in India. The real cause of it is that the general policy of Japan is of "brisk sale and low profits" while that of others is quite otherwise. The low prices quoted by her win her more customers on the one hand increasing their demand on the other. The result is that low margin of profit goes to make their profit very high in aggregate.

(b) Japanese labour is also very cheap as compared with other competing countries like Poland, France and Belgium.

(c) Since the date Japan has gone off the gold standard she is quoting very cheap and thereby making it impossible for France, Poland and other countries to compete in India.

(d) The last but not the least factor to determine the cheapness of the Japanese goods is their better organization. According to many reliable writers on modern Japan the Japanese industrial organization at present in weaving, spinning and other departments of this industry is by far superior to European countries.

(e) The policy of Indian Mills is quite keeping in with that of European countries of caring more for profit than for brisk sale. Besides the Indian producer is not equipped with the latest labour saving, weaving and spinning



appliances and up-to-date machinery. That is why the Indian producer is not expected to hold the candle to Japan in quality or in cheapness of all sorts of woollen and other goods under the present circumstances. Even if there may exist an assured market for superior and more attractive class of woollen goods Indian Mills will not be able to supply cheap goods unless and until certain revolutionary changes in Indian industrial organization are ushered in. But this is not possible in the near future especially in cases of woollen yarn. It may be possible in case of Hosiery and other articles:

9-11. In case of Hosiery the foreign imports might be of shoddy or mixed materials but the woollen yarn which we use at Jalalpur Jattan and which is also widely used by many Indian Hosiery manufactures, is made of pure wool. We cannot say anything about foreign hosiery imports whether they are made of pure or impure wool. But as for woollen yarn is concerned we can say that it is manufactured out of pure and the best wool.

12-13. There is no markable difference between Japanese, Polish, Italian, English and Belgian wool yarn provided it is of the same count or class. But because the Japanese imports in yarn are comparatively cheaper, Japan has successfully usurped the position which was held by other countries. The woollen yarn produced in India is of very inferior quality. So it is not the low purchasing power which debar the people to buy Indian woollen yarn but its inferiority in quality. Had the Indian producers been able to manufacture superior quality of yarn (woollen) required for our purposes the Government might have been justified in offering protection. But when they are unable to do so under the circumstances it will be absurd on the part of Government to comply with such request. The Great War offered extreme protection to the industry but the chance passed away unavailed and unheaded by our millowners. They spent their profits in distributing fat dividends rather than to spend those sums in the extension of plants, specialisation in particular products and in equipping themselves against the foreign competition. So in order to help them now the Government must have a regular scheme in hand drawn up by a committee of experts to be followed by the millowners strictly so that the other chance afforded by the Government may not meet the same fate.

14. The demand for the woollen yarn is daily on increase as a comparison since the entry of Japanese woollen yarn in Indian market will obviously show. The same fact is revealed when we look to our own individual records of the last five or six years. As for the market of Jalalpur Jattan is concerned the sale of the woollen yarn has been increased manifold. The goods that we manufacture such as Shawals, Chaddars and Dhussas are also increasing in demand by leaps and bounds as they are very cheap now as compared with the price of a few previous years. The Dhussa which only the rich could buy a few years back are now possessed by the middle class also. The cheapness of these goods is not the only attraction but their usefulness and attractiveness is also a great allurements.

15. The successive rise in custom duty on the woollen yarn specially of Japanese make has not been able to cripple the market demand because every rise in custom duty has been closely followed by a successive fall in price by Japan ultimately bringing no strain on the purse of the public. That is why the demand of the woollen yarn is jumping onward with vigorous strides. In spite of all this there have been great fluctuations in the market condition which proved detrimental to the earnings of many merchants dealing in woollen yarn.

16. To our mind the effect of Rs. 1-2 minimum specific duty has swelled up the demand of the woollen yarn all the more because it has encouraged weaving of woollen cloth which in the presence of this duty can stand the foreign competition and ultimately finds good customer. This has to certain extent reduced unemployment amongst the ranks of weavers and other classes of labourers. This duty has given great impetus to our industry as well at Jalalpur which was in decadent position prior to its imposition.

17. Indian wool is really coarse and needs much refinement as compared with the Australian and other foreign wools. A tax on the importers of raw wool to be spent for improvement and promotion of better breeding and feeding of lambs in India is really advisable and is in keeping with the best interest of the country. It will be very desirable and welcome step on the part of the Government. We cannot make any suggestion as to which they should be followed for such improvement but this that certain Australian and other good foreign breeds of lambs should be imported here. The same is being done by Japan now-a-days to build up the Japanese woollen industry. Also the major portion of raw wool is imported from Australia by Japan now-a-days.

18-20. We cannot make any suggestion as to answer these questions as they fall out of our sphere of activities.

21 & 23. The Indian Mills working at present cannot produce superior kind of woollen yarn at cheap rate because of the want of the good raw materials and up-to-date machinery required for spinning and ginning. That is why the foreign woollen yarn imported does not find any competition here. In case of Hosiery and other articles we can hold no reliable opinion. But this much we can safely say that much is required to be done to make the Indian wool industry potent enough to stand successfully against foreign and specially against Japanese goods. And nothing notable can be achieved unless Government does not come in for help either by way of subsidies or protection. But it will take considerable time and money to re-organize and remodel the whole structure to enable it to stand against the redoubtable onslaughts of foreign competitors. This should not damp the spirits of the Government. It may take long time to set the whole thing in order but it must be done as the industry is one of the most important industries in India.

22. Japan since she has gone off of the gold standard is quoting cheap and has thereby made impossible for France, Poland and other makers to compete in India.

24. The conditions conducive to the prosperity of this industry in India are in no way inferior to those existing in Japan. She imports raw materials from Australia. So can India do. Besides she has got her own coarse wool too, to manufacture coarse goods. We have got enough of trained labour here, and more can be trained if required. Besides all these the home market for woollen goods in India is much more extensive than Japan has got. So a wide and assured market is there but the only difficulty is the re-organization of present conditions. If the Government comes in to help with subsidies or protection the industry can surely be made as prosperous as it is in other countries. The industry does satisfy the major conditions which the Fiscal Commission requires for granting protection to Indian industries.

25. An industry in its infant stage must be protected by the Government to reach maturity. But protection by heightening the tariff walls will not ensure a healthy growth of the industry. The infant remains infant so long such protection is there. America is now-a-days feeling the weight of saying. Spare the rod and spoil the child is true in human conditions and so it is true in industrial conditions as well. The rod of competition must remain in the face of industry while the Government should nourish that industry by way of granting subsidies. This is the best form of protection as the modern economists will say. Thus if the Indian Government want to help the woollen industry, that help must emanate through the grant of subsidies to the mills working in India and encouraging the public to start new concerns with her help.

The period of help should not be very long, say more than ten years. After every three years the progress of the industry must be gauged by the committee of the experts, which should point out the defects and make suggestions for improvements from time to time and recommend better and cheap methods of production and mill organization. Besides it should also see

that the producer is also accommodating to the modern tastes of the customers and thus try to enhance the genial growth of the industry. Such help should be granted to those mills only which produce such goods as are manufactured by foreigners and compete with native products successfully. But in case of goods which Indian mills cannot manufacture as yet, protection will do no good. Our mills and factories which manufacture hosiery, tweeds, blazer, cloth, blankets, etc., must share such protection by the Government. As for mixed wool goods which India does not manufacture but which compete with Indian pure wool goods, must be highly taxed by the Government. But protection in case of superior woollen yarn which is not made here will do great harm than help to the country's commercial interests.

*N.B.*—In case it is contemplated to levy a specific duty per lb. in weight basis of yarns, it is prayed that due consideration be made to levy same on merina yarns as distinct from cross fixed yarns because of latter being much lower in price than the former.

27. Answered above.

26. Out of our scope.

### **Messrs. Sankalchand G. Shaha & Co., Bombay.**

*Letter dated the 11th February, 1935.*

In reply to your esteemed favour of the 14th ultimo, we are sending you hereunder our replies to the general questionnaire in connection with the enquiry into the claims of the Woollen Textile Industry for protection.

1. Our principal lines of imports of woollen goods are (i) worsted yarn for hosiery, (ii) for weaving, (iii) knitting yarns, from Japan, Poland, England and France. As regards the proportions, generally 80 per cent. are imported from Japan, 10 per cent. from Poland, 7 per cent. from England and 3 per cent. from France.

2. During the last five years there has been a tendency of increased imports of worsted woollen yarns for hosiery, whereas the imports of knitting yarns have been reducing. Imports of weaving yarns have remained fairly steady.

3. Please see enclosed List\* of prices that we have given. The changes in our opinion correspond to the changes in the general wholesale prices of all other articles and these changes are mostly due to variations in prices of raw materials and Exchange fluctuations as well as due to changes in Tariff Regulations of several countries.

4. As compared with Indian yarn, the quality imported from England, Poland and France is generally superior whereas the quality imported from Japan is inferior to some extent. As regards the price, the Duty-paid price of similar quality of English, Polish or French articles is roughly the same as that of similar yarn spun in India. As regards the price of similar Japanese yarn, the Duty-paid price is lower to similar count of Indian spun yarn to the extent of about 20 to 25 per cent. Take for example 2/20s Merino hosiery yarn. The Indian Mills' selling price for the same is about Rs. 2-8 per lb. The present price of similar article will be roughly 2s. 10d. from England, Poland and France and this will work out to nearly Rs. 2-8. From Japan the present quotation for Merino quality for 2/20s hosiery Scoured is Yen 1-97 which works out roughly at Rs. 1-9 per lb. c.i.f. and Rs. 2 including Duty. This article is about 20 to 25 per cent. cheaper than the Indian made or article imported from other foreign countries. It is to be noted however that the Japanese Merino yarn is not regarded as a fully good yarn like the Indian or article imported from other foreign countries. We have received reliable reports from several consumers that although the Japanese article appears outwardly soft and

Not enclosed.

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attractive, the results in hosiery goods are not quite satisfactory and the hosiery manufactured from Japanese stuff wears out quickly.

As regards knitting yarns, the Japanese prices are cheaper to the extent of about 15 per cent. In case of weaving yarns of finer counts such as 2/64s and 1/64s, etc., the prices of Japanese yarns are much cheaper compared to the prices of other foreign yarns and the prices of Indian articles are considerably higher compared with all other foreign articles.

It will be seen from the above that in finer yarns, the Indian Mills are not able to compete at all whereas in coarser yarns up to 24s counts both for hosiery and for knitting they are quite able to compete with all foreign yarns except Japanese, the prices of which are cheaper to the extent of 15 per cent. to 25 per cent., but at the same time the Japanese quality is regarded as inferior.

5. The imported goods are sold by us on extensive credits to the consumers such as Handloom Weaving Factories and Hosiery Factories, mostly in the North and we have been giving credits in many cases extending from 60 days to two years.

6. The usual procedure in case of sales of woollen yarns is to supply the goods direct to the consumers such as Hosiery Factories or Handloom Weavers. Sometimes, we supply goods through the dealers or middlemen. The freight charges come to one anna and to one anna six pies per lb. Besides, the consumers have got to pay the Octroi Duty in their respective places. Generally when middlemen are employed the commission paid to them is roughly 2 per cent.

7. So far as our knowledge is concerned, we have no reason whatever to suppose that the prices at which foreign producers sell for export to India are below their cost of production. There are also no special factors existing in favour of foreign countries exporting woollen yarns to account for the intensive competition.

8. Yes. We agree with this view that Indian production is unable to meet the modern Indian demand for superior or more attractive class of yarns such as Fine Merino yarns from counts 2/24s to 2/52s for hosiery and even weaving yarns such as 1/64s, 2/64s and others. In our opinion, the Indian Mills will not be able to meet the demand for such fine yarns in the near future.

9, 10 & 11. We are not concerned with this.

12. Please refer to our reply against question No. 4.

13. Yes.

14. Yes, definitely. In our experience we find that during the last 5/6 years there has been a substantial increase in demand for hosiery woollen goods both manufactured from hosiery and weaving yarns. This is clearly evident from our sales of woollen hosiery yarns as well as weaving yarns which have been rapidly increasing during the last six years.

15. We are of opinion that if the Duty on woollen yarns had not been increased to 30 per cent., our sales would have been still much higher inasmuch as there has been a rapid increase in demand for woollen yarns since 1929. If the Duty on woollen yarns had not been raised to the present level of 30 per cent. naturally demand for imported yarns would have been much higher inasmuch as the consumers would have got these yarns cheaper. As a result of increase in Duty our business with Poland, England and France has been much crippled.

16. We are not interested.

17 & 18. Not interested.

19. Yes. We are inclined to believe that the system has very adversely affected the Industry.

20. The present marketing methods of woollen yarns, in our opinion, are not satisfactory. We think that the Mills themselves should open the Depôts in the actual consuming centres during the woollen season and

should approach the consumers by keeping sufficient Salesmen or sales Agents. They should also study very carefully the actual requirements of the consumers in hosiery, knitting and weaving yarns and should cater for the same.

21. Yes. Definitely so.

22. Material changes have taken place since 1932 in Exchange factors such as depreciation of Yen, and also depreciation of Pound Sterling but these factors in themselves, in our opinion, have given only partial advantage to both these countries to compete with India and not very great advantage as is supposed by some people in the Trade. The reason is that none of these two countries have been producers of wool and they have to import wool from outside countries such as Australia, South Africa and others and naturally therefore while purchasing the wool from these countries the Exchange is against them although while making sales of the manufactured goods the Exchange is definitely in their favour. The Exchange advantage, if any, therefore is on the difference between prices of raw material and the prices of manufactured goods.

23 & 24. No.

25. (i & iii) In our opinion, the protective Duty on imported cloth should be increased further. As regards Duty on imported woollen yarns of all descriptions, it should be totally removed altogether or if absolutely necessary should be not higher than 10 per cent. on all foreign yarns instead of 20 per cent. at present on English yarns and 30 per cent. on foreign yarns. We are further inclined to suggest that the 10 per cent. Duty on woollen yarns should be applied only to counts up to 24s in singles as well as twofolds. In any counts over 24s single as well as twofolds the Duty should be necessarily removed inasmuch as we are of opinion that the Indian Mills will not be able to compete in the matter of fine woollen yarns even if any amount of Duty is imposed on foreign woollen yarns. On the other hand the Duty on yarns would be detrimental to Handloom and Hosiery Industry in woollen yarns which have a great future before them in case the increase in Duty is levied on foreign cloth, it will be beneficial both to the Woollen Mills as well as to Handloom and Hosiery Industries. The Woollen Mills you should be aware are mostly importing Woollen Tops and if necessary we do not mind their importing foreign yarns over 2/24s counts for preparing fine cloth.

26. We are not interested.

27. Please refer to our reply to question No. 25.

**Messrs. Jaigopal Hemraj, Marwari Bazar, Bombay, Mangaldas  
Kahandas, Champagully, Bombay, and others.**

*Letter dated the 11th February, 1935.*

**Re WOOLLEN INDUSTRY'S CASE FOR PROTECTION.**

We the undersigned Woollen Goods merchants take this opportunity of addressing our views on the Woollen Industry to the Tariff Board in the form of answers to the questionnaire issued to merchants and importers. In the event of the Tariff Board wishing to take verbal evidence the first three named would be willing to attend any meeting the Board might call for the purpose.

1. We are chiefly interested in the import of rugs from Italy, shawls from Germany and Japan, and to a minor degree only Woollen piecegoods generally from France and Germany.

2. In recent years shawls from Germany have shown a tendency to decrease in the quantities imported and these are being replaced by similar goods from Japan. The tendency during the last year or two has been for Japan to increase her shares of the Woollen trade very considerably. Imports of rugs from Italy have tended to increase during the last year or so.

3. We have not maintained records of the variation in the c.i.f. prices for the items mentioned on the statement but we can state that the prices of rugs have declined during the last few years. Imported goods in which we are not directly interested as importers have also declined in price since the commencement of Japanese competition. Changes in price of Japanese goods do not appear to correspond with the changes in general wholesale prices, during the last year for example rates of some lines have been considerably reduced irrespective of the movements in raw material prices.

4. Generally, it is not possible to make direct comparison of imported goods with Indian-made goods but in the case of Italian blankets and rugs there is no doubt that goods while differing in certain features of quality definitely affect the sale of Indian-made goods. Japanese shawls are sorts finer than the generality of Indian mill cloths but we understand that Indian mills are in a position to turn out finer qualities to-day. The prices of such Japanese goods are relatively lower than corresponding lines of Indian goods. The same remarks apply to Worsteds suitings. With reference to yarn Japanese worsted yarns for hosiery and weaving, and knitting wool compare favourably, we understand, as far as quality is concerned with similar Indian mill-made goods but the rates are very much lower in most cases.

5 & 6. Purchases are usually made from importers on c.i.f. or *ex-godown* terms. In some cases payments are made cash against delivery in others credits are allowed up to 60 days. Free godown storage and  $\frac{1}{2}$  per cent. discount is granted by importers. Our sales are generally made through brokers to whom  $\frac{1}{2}$  per cent. commission is paid.

7. We are not definitely aware as to whether foreign producers sell for export to India below their costs of production. In the case of Japan however, it is reported that producers have certain rates for home consumption and very much lower rates for exports which might possibly be below their costs of production. Furthermore Japan has the assistance of a considerable exchange advantage since the depreciation of the Yen. It is also possible that Japan is selling to date at below costs of production, based on present day rates for raw materials, by virtue of her large purchases of Australian wool made some 18 months ago, when wool prices were considerably lower than to-day. Of these advantages possessed by Japan we consider that the exchange advantage is likely to continue for some considerable time.

8. We consider that the Indian mills would probably be in a position to meet the demand for all classes of goods including many of the superior articles at present imported. It might be difficult for some of the finer class of goods to be turned out by Indian mills, but as the mills in India are producing finer qualities in many cases to-day than years ago, we see no reason why this development should not continue given an assured market.

9. We regret that we cannot express in terms of money value the difference in quality between imported shoddy goods and Indian pure woollen goods but shoddy goods are definitely competing indirectly with the more durable Indian goods.

10. We would consider that recent changes in the wool tariff has stimulated imports of articles containing a mixture of pure wool and shoddy or cotton.

11. We are not aware of any articles manufactured either wholly or in part of synthetic wool from jute being imported into India.

12. English goods are generally considered to be superior in quality to those of other countries in the same category, it is also generally recognised that Japanese goods are inferior being less hard-wearing and also not possessing the same degree of fastness in colour. We would consider that the purchasing power of the Indian consumer has been maintained if not increased during the last 12 months and any preference for cheaper qualities of woollen goods cannot be attributed to a decrease in the purchasing power.

14. While there has been an increased off-taken of woollen goods over last year we would not consider that this is necessarily due to any increased demand for articles made of wool but more to the general improvement in trading conditions which has also affected other industries.

15. The successive increases in duty since 1931 has not in our opinion had the effect of increasing market prices to any great extent probably owing to the arrival of Japanese goods in very large quantities at cheap prices.

16. The specific duty has reduced the imports of certain types of goods notably shawl cloths from France, and Germany. We consider that this duty has stimulated imports of mixtures of shoddy goods. We cannot say whether it has adversely affected any particular line of foreign goods which do not compete with Indian goods.

17. The Indian farmer may be encouraged to improve the quality of his wool if he is aware that he has an increasing market for the consumption of his Clip, in the Indian Mills. While it may be possible to improve the quality of the wool produced by better methods of breeding, grading and marketing this can probably only be done through a central body of control as the farmer would not be likely to improve his methods without guidance and supervision. We do not consider that the finest sorts of wool can be produced in India owing to natural disadvantages. We are therefore opposed to any imposition of taxes or duties on imports of raw wool.

18. With a view to improving the breed of sheep producing wool in India, we would be in favour of the suppression of ewe destruction. But we may point out that the hides and skins industry is also interested in this question.

19. We are not in a position to state whether the Managing Agency System has affected the industry adversely. Provided the system is worked in the interests of the Mill, we are of the opinion that it is advantageous.

20. Generally speaking we would not consider that there are any radical changes to be made in the present marketing methods of the industry, which do not differ largely from those of foreign countries.

21. It is probable that Indian Mills' costs of production are higher than would the case if they were working the whole of their plant. If the Indian Industry can obtain a larger share of such standard lines as rugs, shawls, etc., it is probable that some rationalisation could be brought about by more skilled production.

22. We have previously referred to this matter in our answer to question 7.

23. We are aware that the Indian woollen industry supplies large quantities of manufactured goods for the requirements of the various departments under Government control and would definitely consider this industry to be one of national importance.

24. The industry itself is in a better position than we to answer this but we would consider that it can satisfy the three major conditions laid down by the Fiscal Commission:—

- (a) Natural advantages such as supply of raw materials and labour are possessed by the industry.
- (b) We do not think that the industry can develop without the assistance of protection at the present stage.
- (c) In the event of mills being able to achieve economies in production during the period protection may be afforded, there should be no reason why it would not be in a position to meet outside competition without protection at a later date. The present position is aggravated to an enormous extent by competition from Italy and Japan which countries have facilities not available to the Indian industry such as depreciated currencies, Government assistance, etc.

25. (1) Protection should be granted by a system of quotas or an increase in duties, or a combination of both. We should suggest that the last system would very well afford the protection the industry requires while safeguarding the interests of the consumer and being equitable to the importer.

(2) Protection should be granted for minimum of five years in the first instance.

(3) The Indian industry is in need of protection from all classes of woollen goods imported into India.

In answering this question, we have considered the requirements of the handloom industry. The handloom industry has suffered as much from foreign competition during recent years as the Indian mill industry and would therefore be in a position to benefit from safeguarding duties or quotas. The prosperity of the handloom industry particularly that part of it devoted to manufacture of coarse blankets would materially assist the Indian farmer producing wool. We are not aware of the exact requirements of the hosiery industry but as this concerns yarn only in which we are not interested we refrain from expressing our opinion.

26. We consider it proper that protection should be given against all classes of goods of mixed wool and other materials not made in India but indirectly competing with Indian goods.

27. We are not generally opposed to protection being given to the industry.

### Messrs. Hazarat & Co., Bombay.

(1) *Letter No. 1/10516, dated the 6th March, 1935.*

We send you herewith our replies to the general questionnaires of the woollen inquiry.

Our Mr. V. H. Hazarat will appear before you to give evidence. We request your attention to the fact that Mr. Hazarat is leaving Bombay for the Far East on the 11th of April and we therefore request you to kindly take his evidence by that time if possible.

Regarding the prices the same will be sent to you later on.

Enclosure.

#### REPLIES TO THE GENERAL QUESTIONNAIRE OF THE WOOLLEN INDUSTRY.

1. Our principal lines of imports of woollen goods are worsted yarn for hosiery and weaving and to a small extent knitting yarns.

(a) We import these from Poland, England and Japan.

(b) From England we import about 5 per cent., from Poland about 20 per cent. and 75 per cent. from Japan.

2. During the last five years we have imported both hosiery and weaving yarns in normal quantities. During the last year there was a tendency of increase in the purchase of woollen yarns on account of the cheap prices then prevailing.

3. We have records of prices of articles in our line from 1929 to date. We shall give the prices from our records either at a later opportunity or in our oral evidence.

4. We regard imported goods from England and Poland superior to the Indian goods in quality and prices as compared with the quality. As regards Japanese yarns they are not as good as the British or Polish article and frequently complaints are received from consumers but these goods are cheaper than Indian, Poland and British goods. The Japanese goods, however, cannot be compared with the Indian goods which could not stand any comparison with them either in price or quality. For example Japanese 2/32 m/m hosiery worsted yarn of merino quality is obtainable at Re. 1-7



per lb. c.i.f. while the same yarn of British manufacture cannot be obtained in anything less than Re. 1-12 per lb. c.i.f. and Poland goods can be obtained at Rs. 2 per lb. c.i.f.

5. Usually in order to get the lowest possible price we prefer to make payment against documents in the country of origin. All our prices are nett c.i.f. Bombay less 2½ per cent., payment in the country of origin. Our terms of business with our buyers are cash on arrival of the steamer.

6. Our usual procedure for distribution of foreign goods is as stated above, cash on arrival of the goods. We take indent orders of a large size from merchants, consumers, hosiery factories and handloom factories. When goods are sold from stock we usually get payments either against railway receipt or on the goods reaching destination. We do not pay any commissions to middlemen as a rule but sometimes when some business is secured through some merchants or brokers we allow a brokerage of ½ per cent. on the selling price, which, however, is in most cases the c.i.f. value. The railway freight charges to our principal markets vary from 3 (three) pice to 1 (one) anna per lb.

7. We have not the slightest reason to suppose that foreign producers sell for export below the cost of production. On the contrary we believe that producers in Japan are making good profits as can be seen from the dividends declared by them to their shareholders. These goods are usually bought through Japanese shippers who have also some profit on the transaction.

There are no special factors of which we are aware which would account for the competition which is both intensive and extensive. According to our knowledge and belief these factors are such as would continue indefinitely. The reasons for success of Japanese producers in our opinion are the following:—

- (a) The Japanese have a better knowledge of buying their raw products at cheaper prices and in large quantities on syndicate lines.
- (b) Japanese have unrivalled skill in spinning and weaving of these yarns.
- (c) The Japanese have a matchless knowledge of mixing and as a result they are able to produce their yarns at cheaper prices and of attractive appearance.
- (d) The cost of labour is low in Japan in comparison with that in most other countries. The standard of living however in Japan is in consonance with the wages earned by labourers who are highly efficient and imbued with an idea to serve the nation efficiently.
- (e) Japan is producing all the necessary machinery and chemicals and stores required for the industry.
- (f) There is an appreciable reduction of overhead charges in Japan on account of their very low cost of production as the labour is very efficient and the operatives frequently run 30 to 60 looms each.

8. It may be to some extent true that Indian production is able to meet some demand for low class goods. So far as our lines are concerned we believe that Indian production is not and will not be able to meet with either modern or any other type of demand for reasons which are too well-known. We do not think Indian mills will be able to meet this demand in the near or distant future. The whole burden of protective duties, bounties and subsidies has to be borne by the general public and particularly the poor class of consumers who hardly or rarely are sufficiently articulate to place their grievances before the Government or the Board.

9, 10 & 11. We are not concerned with these questions.

12. So far as worsted hosiery, weaving and knitting yarns are concerned there are no recognized differences of quality between French, Poland and

British goods. The Japanese goods are however rightly considered inferior to any of the other countries mentioned herein.

13. The preference referred to in this question is to a small extent due to decreased purchasing power of India. It is also attributable to the simpler standard of life that has come into vogue of late on account of the ideas of simplicity and plain living imbibed by the general public after the N. C. O. movement. It is no longer considered bad from to dress simply and in cheap garments and even to attend legislative assembly and councils so dressed. The crux of the problem lies in the fact that Japan has taught the producers of European countries that they can no longer secure business on a high standard of profit. European and other producers have to compete with Japanese goods which are produced cheaply and efficiently and they are satisfied by a reasonable as well as a fair margin of profit. The producers of other countries have therefore learnt also to rest satisfied by a smaller margin of profit. Even a lay man without any understanding or knowledge of technicalities of business can be sure of these facts by consideration of prices of articles like artificial silk yarns, dyestuffs and chemicals, all of which were sold at very high prices before the advent of Japan in the field of competition. If therefore the consumers get cheap priced articles of good quality they will give preference to it. It is not proper to draw any other conclusions than the above from these preferences.

14. There is not according to our view any noticeable increase in demand for articles made of wool. If there is an increase it would not go in well with the theory of decreased purchasing power.

15. The successive increase of duty in our lines since 1931 have succeeded in crippling merchants and businessmen connected with woollen yarns and import trade in general. It is no longer possible to buy these goods in considerable quantities from Poland, France or England. The greatest blow, however, is to the handloom weavers and the small hosiery factories who find it difficult if not wholly impossible to get their requirements at anything like reasonable prices from the Indian mills—who are their competitors in addition. The consequence is that these factories have to change their manufacture from fine woollens to rough qualities and the result is that they have lost some of their important trade.

16. We are not concerned with this question.

17. We are not in a position to reply to this question adequately. All that we can say is that these experiments will have some value only if the Indian woollen mills decide not to buy any foreign wool tops which they are buying at present. They have also to buy their textile stores and chemicals from foreign countries. A tax on imported raw wool will certainly help the producers here.

18. Our answer is in the negative.

19. Our reply is in the affirmative. The managing agency system in the woollen mill industry is of the same type as the cotton industry and has the same handicaps and evils as in that industry. The interest charges which the mills have to pay, the heavy cost of production, high salaries and inefficient management coupled with inefficient buying of materials and selling of goods and also the incapacity to make any changes in the machinery and to install up-to-date machinery when so required are some of the evils of the present managing agency system prevalent in India.

20. Our answer is in the negative.

21. Our reply is in the affirmative. If the mills make efforts to specialise in fine types of woollen goods they may for some time be able to meet with foreign competition. They can however do this only by buying foreign yarns for which there should be a reduction in customs duty. At present it appears impossible that they can ever compete with foreign products even if full blooded protection is given to them. The difference in price of some barometer yarns is as high as 100 per cent.

22. The question refers to the depreciation of Japanese Yens. This is to some extent true but it should also be taken into consideration that Japan has to buy her raw products from Australia and other countries and therefore the advantage of a depreciated currency cannot be uniformly beneficial to her. There are also several other factors which are responsible for success of Japan as stated above. The depreciation of Yen currency is not even chiefly responsible for success. England although off gold is not able to supply our lines at prices as competitive as those of Poland or France which are on gold. In these circumstances we do not believe that Yen depreciation can be considered as a material factor in Japan's success.

23. Our reply is in the negative. The burden of giving protection to the industry on this ground is not justifiable. The consumer will have to bear the burden permanently as it will take a long time for the industry to stand on her own legs. The present protection is more than necessary and still the industry is unable to show any signs of rejuvenation. The evils of the industry are inherent and cannot be remedied by protection. Some of the mills are so heavily overwhelmed by debentures and other debts that they will probably never be able to show any progress. Our opinion is that if a new mill is started with up-to-date and latest type of machinery and is run in a proper and particularly in an honest manner under experts and technical men imported from foreign countries it will show a very good result with very much less protection than accorded to the industry at present. The idea of the industry being able to help the country in times of war is very patriotic indeed but it can be countenanced only if the mills are stopped from profiteering in such times and if they are sure of getting their raw materials, machinery parts, stores and chemicals from the country.

24. Our answer again is in the negative, for reasons please refer to our reply to question No. 23. The industry does not possess natural advantages as England and Europe do. It is not useful in times of emergency as it has to buy all the raw materials, etc., from foreign countries. It is also our belief that the industry will not be able to stand on her own legs for a long time to come.

25. In our opinion the protection should be reduced—especially yarn should be exempt from any protective duty—because the poor class of people who are engaged in cottage industry, handloom weaving and small factories which are innumerable and which are engaged in weaving and manufacturing cloth from imported cheap foreign yarn will be hard hit if the present unreasonable, abnormal and very high protective duties are not removed or reduced. If the customs duty is increased on yarns for hosiery and weaving it will be like the last straw on the camel's back and almost all the factories and handloom trade will come to a stop. The advantage thus gained will go only to a few capitalistic mills and even then they will not attain at any stage such position as would make it feasible to remove protection so long as the industry is run on present lines. If however the Board decides to give protection to the mills such duty should be imposed upon imported manufactured cloth only so that the handloom and hosiery factories may get an advantage and be able to carry on their business and work. The period in any case should be as short as possible otherwise the mills will not have any incentive to put their houses in order. At all events they owe it to the public that they should take steps to see that the burden of protective taxes does not continue to fall on the consumers for a long time. We therefore believe that the period should be fixed for only one or two years at the most after which the question should be reconsidered in the light of the then circumstances and of the steps taken by the mills to justify their present request for protection. If the protection must be given it should be on imported cloth only as stated above and not in case of yarns which are of utmost necessity for handloom weavers and factories.

26. We are not in a position to reply to this question.

27. Our reply is that it is the industry alone which should be wide awake and progressive enough to adapt themselves to the changes referred to. At present the disparity in prices of Indian made yarns and foreign yarns is so great that even with a much higher protection they will not be able to make profits or to compete with foreign products.

(2) *C.i.f. prices of yarns handed in by Mr. Hazarat, Bombay.*

(1) C.i.f. PRICES IN POUND STERLING OF POLAND YARNS IN BAROMETER COUNT 2/20 HOSIERY.

Date.	Rough or common cross-bred quality.	Fine cross-bred quality.	Merino quality.
	Pence.	Pence.	Pence.
22nd November, 1929 . . . . .	30	38	42
21st February, 1930 . . . . .	24	32½	36½
11th April, 1930 . . . . .	23	..	..
19th June, 1930 . . . . .	24	..	..
11th September, 1930 . . . . .	23½	..	..
1st October, 1930 . . . . .	23	..	..
29th November, 1930 . . . . .	20	24½	28½
9th December, 1930 . . . . .	18	23½	27½
17th December, 1930 . . . . .	18	23	27
9th January, 1931 . . . . .	17	22½	26½
4th February, 1931 . . . . .	17	22½	26½
14th February, 1931 . . . . .	17½	23½	27½
8th April, 1931 . . . . .	20	26½	31
5th May, 1931 . . . . .	19½	25	29
25th June, 1931 . . . . .	17	22½	26
1st July, 1931 . . . . .	17½	23½	28
15th September, 1931 . . . . .	17½	22½	26½
28th January, 1932 . . . . .	24	33	37
30th October, 1931 . . . . .	22	30	34
19th January, 1932 . . . . .	25	32	36
10th February, 1932 . . . . .	25½	32	37
30th March, 1932 . . . . .	22	30½	35
18th April, 1932 . . . . .	18½	30	34
20th May, 1932 . . . . .	18½	29½	34
2nd August, 1932 . . . . .	18	28	33
6th October, 1932 . . . . .	22½	30½	35
27th December, 1932 . . . . .	18	29	34
3rd March, 1933 . . . . .	18	29	34
15th March, 1933 . . . . .	18	29	34
24th August, 1933 . . . . .	19½	30½	34½
30th January, 1934 . . . . .	23	42	46

Date.	Rough or common cross-bred quality.	Fine cross- bred quality.	Merino quality.
	Pence.	Pence.	Pence.
8th March, 1934 . . . . .	21	40	44
21st March, 1934 . . . . .	19	39	43
14th August, 1934 . . . . .	17	30½	35
13th September, 1934 . . . . .	18	31	34½
10th December, 1934 . . . . .	17½	29½	33½
18th January, 1935 . . . . .	19	31	35
1st March, 1935 . . . . .	19	31½	35½

(2) C.i.f. PRICES IN POUND STERLING OF POLAND YARNS IN BAROMETER COUNT 2/64 WEAVING.

Date.	Price. Pence.	Date.	Price. Pence.
30th September 1929 . . . . .	49½	28th January 1932 . . . . .	39
14th November 1929 . . . . .	50	10th February 1932 . . . . .	39½
30th January 1930 . . . . .	45½	21st March 1932 . . . . .	39½
21st February 1930 . . . . .	42	5th April 1932 . . . . .	39
11th April 1930 . . . . .	41	20th May 1932 . . . . .	35½
17th June 1930 . . . . .	43½	2nd August 1932 . . . . .	34½
29th July 1930 . . . . .	43	26th August 1932 . . . . .	36½
11th September 1930 . . . . .	41½	27th December 1932 . . . . .	38
1st October 1930 . . . . .	40	3rd March 1933 . . . . .	38½
21st November 1930 . . . . .	37½	9th May 1933 . . . . .	34
9th December 1930 . . . . .	36	11th May 1933 . . . . .	34½
17th December 1930 . . . . .	35	24th August 1933 . . . . .	41
21st January 1931 . . . . .	34½	30th January 1934 . . . . .	52½
10th March 1931 . . . . .	36	14th August 1934 . . . . .	40
8th April 1931 . . . . .	40	13th September 1934 . . . . .	41½
16th April 1931 . . . . .	40½	10th December 1934 . . . . .	39
15th September 1931 . . . . .	30½	23rd December 1934 . . . . .	38½

(3) C.i.f. PRICES OF JAPANESE BAROMETER COUNT 2/20 HOSIERY IN MERINO QUALITY IN JAPANESE YEN CURRENCY.

The prices are given in Sens (100 Sens = 1 Yen) and for the purpose of calculating the prices in Rupees 1 Sen may be taken as equivalent to 1½ pies. The prices are per lb.

Date.	Price. Sens.	Date.	Price. Sens.
28th January 1932 . . . . .	130	30th July 1932 . . . . .	106
4th February 1932 . . . . .	144	15th August 1932 . . . . .	108
17th February 1932 . . . . .	146	16th September 1932 . . . . .	130
3rd June 1932 . . . . .	116	19th November 1932 . . . . .	180
2nd July 1932 . . . . .	105	20th September 1932 . . . . .	150
6th July 1932 . . . . .	107	14th December 1932 . . . . .	180

Date.	Price. Sens.	Date.	Price. Sens.
14th March 1933 . . .	153	25th November 1933 . . .	211
14th April 1933 . . .	155	3rd December 1933 . . .	201
28th April 1933 . . .	149	9th December 1933 . . .	207
13th May 1933 . . .	154	11th January 1934 . . .	237
17th May 1933 . . .	153	17th February 1934 . . .	252
26th May 1933 . . .	160	13th July 1934 . . .	248
29th May 1933 . . .	157	12th September 1934 . . .	201
31st May 1933 . . .	165	13th September 1934 . . .	196
30th June 1933 . . .	184	14th September 1934 . . .	194
26th August 1933 . . .	201	1st October 1934 . . .	187
16th September 1933 . . .	226	2nd. November 1934 . . .	164
22nd September 1933 . . .	225	5th November 1934 . . .	154
30th September 1933 . . .	219	28th December 1934 . . .	170
7th October 1933 . . .	218	12th January 1935 . . .	178
14th October 1933 . . .	217	16th January 1935 . . .	174
21st October 1933 . . .	220	29th January 1935 . . .	176
28th October 1933 . . .	215	26th January 1935 . . .	168
4th November 1933 . . .	215	26th February 1935 . . .	171
10th November 1933 . . .	211	5th March 1935 . . .	165
18th November 1933 . . .	207		

(4) C.i.f. BOMBAY PRICES FOR 2/64 WEAVING JAPANESE YARN IN JAPANESE CURRENCY.

Date.	Price. Sens.	Date.	Price. Sens.
30th July 1932 . . .	145	28th April 1933 . . .	220
20th September 1932 . . .	225	10th May 1933 . . .	218
14th December 1932 . . .	313	11th May 1933 . . .	216
11th January 1933 . . .	296	14th May 1933 . . .	230
13th January 1933 . . .	280	2nd June 1933 . . .	255
24th January 1933 . . .	260	6th June 1933 . . .	272
27th February 1933 . . .	224	24th June 1933 . . .	264
14th March 1933 . . .	234	7th October 1933 . . .	307
22nd March 1933 . . .	237	14th December 1933 . . .	278
8th March 1934 . . .	287	20th November 1934 . . .	221
15th May 1934 . . .	271	11th December 1934 . . .	208
7th July 1934 . . .	294	18th December 1934 . . .	211
12th July 1934 . . .	262	30th January 1935 . . .	216
16th July 1934 . . .	255	14th February 1935 . . .	223
1st August 1934 . . .	241	26th February 1935 . . .	222
9th October 1934 . . .	228	6th March 1935 . . .	214
6th November 1934 . . .	211		

(3) Letter No. 207, dated the 15th March, 1935, from the Tariff Board, to Messrs. Hazarat and Company, Bombay.

During the course of the oral evidence given by Mr. V. H. Hazarat before the Tariff Board yesterday Mr. Hazarat promised to send samples

of British yarns as required by the Board. I am therefore directed to request you to supply samples as follows:—

- (1) *British knitting yarns*.—Any one of the counts between 4/7s to 4/13s, both cross-bred and merino qualities.
- (2) *British hosiery yarns*.—Cross-breds—any counts available between 2/12s to 2/28s.
- (3) *British weaving yarns*.—Cross-breds—any counts available between 2/20s to 2/36s.
- (4) *British hosiery yarns*.—Merino—any counts available between 2/16s to 2/52s.
- (5) *British hosiery yarns*.—Merino—any counts available between 2/48s to 2/78s.

The respective prices of the samples may also be stated. Where two-folds counts are not available, kindly supply samples of single yarn with their prices.

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(4) *Letter No. I./10615, dated the 25th March, 1935, from Messrs. Hazarat and Company.*

In reply to your letter No. 207 of the 15th instant we send you herewith samples and prices as desired:—

- (1) British knitting yarn 4/14s dyed knitting scoured, ref. No. 9754, 24d. per lb.
- (2) British knitting yarn 4/12s, ref. No. 8063, 21d. per lb.
- (3) British knitting yarn 4/13s, ref. No. 1888, 27d. per lb.

This disposes off item No. 1 in your letter.

Against item No. 2 of your letter we send you a sample of—

- (4) 2/20s British hosiery yarn cross-bred, ref. 3551 of which the price is 25½d. per lb.

and against item No. 4 British hosiery yarn merino we are sending a sample of—

- (5) 2/26s, ref. XC for which the price is 32d.

Against item No. 3 of your letter British weaving yarn cross-bred we send you a sample of—

- (6) 2/32s bearing ref. 306 for which the price is 22d. per lb.

Finally against item No. 5 of your letter, British hosiery yarn merino we are sending you a sample of—

- (7) 2/52s, ref. VTG for which the price is 48d. per lb.

All the prices quoted above are recent prices at which business is possible and they are c.i.f.c.i. Bombay less 2½ per cent. that is to say we get an additional rebate of 1 per cent. over the above 2½ per cent. by way of 60 days' rebate of interest. In practice therefore the prices could be understood as c.i.f. Bombay less 3½ per cent.

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### **Societa Commissionaria Di Esportazione Late Societa Commissionaria Orientale, Amritsar and Bombay.**

*Letter dated the 13th March, 1935.*

#### **ENQUIRY REGARDING WOOLLEN INDUSTRY.**

In reply to the Questionnaires issued by the Tariff Board in connection to its enquiry into the Woollen Industry, we beg to state as follows:—

1. Travelling Rugs, blankets, Meltons, Blazers, Khaki and Grey Flannels, Serges, Suitings, Gabardines, etc., chiefly from Italy.

2. No line has shown an increase during the last 5 years. Whereas imports of travelling rugs have remained stationary, those of meltons, blankets, flannels and serges have shown a decline.

Imports of pure wool goods have entirely disappeared owing to the prohibitive duties already in force and to the Japanese competition.

3. None of the articles at present imported from Italy are comparable with the Indian products which are either of a totally different class or not manufactured at all.

4. See subject 3.

5. C.i.f.c.i. basis at 30/60 days D/P or D/A—or *ex-godown* port of landing inclusive of duty.

6. The usual procedure for distribution to the inland markets is either through agents or direct to dealers. Railway freight varies according to the destination and is usually paid by buyers. The commission paid to middlemen varies from 1 to 3 per cent.

7. We have no reason to suppose that Italian makers sell for export to India below cost of production. The question of competition from Italy does not arise for the reasons already explained in subject 3.

8. We do not think that Indian Mills will in the near future be able to meet the modern Indian demand for a superior or more attractive class of goods.

9. The articles of shoddy or mixed material at present imported by Italy do not, in our opinion, compete directly or indirectly with pure wool Indian articles. Shoddy articles have proved to be a boon to the poor Indian consuming classes who, failing these goods, would be unable to buy any thing at anywhere near its price giving them the same protection against the cold. If the poor Indian consuming classes were deprived of the possibility to buy well liked and practical shoddy and mixed cloths and rugs they would be unable to satisfy their needs for protection against the cold, the Indian made alternatives being entirely beyond their financial reach.

10. It is our experience that imports of articles containing a mixture of pure wool and shoddy and wool and cotton have not been stimulated by the recent changes in the wool tariff. On the contrary the imports of these goods from Italy has fallen off during the last few years.

11. We have no knowledge that articles manufactured wholly or partly of synthetic wool from jute have been imported into India.

12. There are hardly any recognised difference in quality between English, Continental, and Japanese imports of the same class, except Japanese woollens which are reported to be less durable, shrinkable and not fast in colours.

13. The signs of a growing preference on the part of the Indian consumer for cheaper qualities of wool goods than those ordinarily produced in India is due to decreased buying power.

14. Yes there is an increased demand for the cheapest qualities made of wool in Western and Northern India.

15. The effect of the successive increases of duty since 1931 has been a corresponding increase in the market prices. As a consequence imports of pure wool goods from Italy have gradually decreased and are now practically *nil*.

16. It has rendered impossible the importation of Italian woollen goods several of which were not competing with Indian made goods.

17-21. We are not in a position to reply.

22. The further depreciation of the "Yen". As regards Italian goods, the continuous depreciation of the rupee in term of gold has badly effected the power of Italian manufacturers to sell their goods to India.

23-24. We are not in a position to reply.



25. In our opinion the local industry is already well protected by the existing duties.

26. For the reason explained in subject 3 we do not consider it justified that protection is given against goods of mixed wool and other materials and especially against goods made of shoddy.

27. We are opposed to any protection whatsoever being given to the woollen industry either temporary or permanently as we consider that the industry is already afforded considerable protection by the present tariff.

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*Letter No. 456, dated the 1st December, 1934, from the Tariff Board, to the Secretaries, certain Chambers of Commerce.*

I am directed to say that the Tariff Board is anxious to obtain as accurate a statement as possible of the course of prices since 1926-27 of typical woollen products, imported into India from the different foreign countries and competing with similar goods of Indian manufacture and will be most grateful if you can assist them with your organisation in obtaining from merchants the required information. The Board is aware that in some classes (particularly rugs) styles and quality of the imported goods may differ year by year, and that the effective competition of the various countries has in some instances changed from year to year in a remarkable way. But they believe that in most instances it will be possible to quote the price of an article which though it may not be strictly similar to the Indian article has effectively competed in the Indian market. The price required is the price c.i.f. port, or, in the alternative where this is not obtainable, the market price.

They have been given to understand that the types given in the accompanying statement are representative of the usual output of the Indian Mills and they desire to have import prices of types similar or nearly similar which have competed in the Indian market. If it is impossible to obtain information for all the years asked for, it is requested that the information may be supplied (with six spare copies) for all the years for which it is available.

2. In regard to blankets and rugs, the question is particularly difficult, because it is recognised that the severest competition comes from rugs which are not comparable in style and material with the Indian article, for a large proportion of them though of superior design and finish are made of shoddy or of a mixture of shoddy and cotton. In this instance, therefore, the Board would ask that the course of prices may be reported on the basis of price per lb. of weight and that where the information is available, the composition of the rug (i.e., the proportion of wool content) may also be reported.



### **The Karachi Chamber of Commerce.**

*Letter No. 206-C., dated the 13th December, 1934.*

In reply to your letter No. 456, dated the 1st December, 1934, and its accompaniments, on the above subject, I am directed to inform you that my Committee regret they are not in a position to furnish you with the information required.

### **Chamber of Commerce, Bombay.**

*Letter No. 90/366, dated the 10th January, 1935.*

I have the honour to acknowledge receipt of a copy of your letter No. 456 of the 1st instant. I have endeavoured to obtain the figures you require but have found some difficulty in doing so, as apparently there are so many different qualities of woollen goods with varying prices especially in the case of rugs, that it is impossible to give full details of the prices ruling. I am, however, attaching hereto copies of three statements, that have been supplied by members of the Chamber, together with copies of the letters forwarding them, and I trust these will be of service to you. I am also forwarding the copy of the "Wool Record and Textile World" referred to in the letter attached to statement "C" and shall be glad if you will kindly return it when done with. Should you require the loan of the other copies of the journal mentioned in the letter I shall be pleased to obtain them for you.

Enclosure No. I.

*Letter received with Statement "A".*—I beg to enclose herewith a list of the prices of several qualities of Italian rugs and shoddy goods, imported during the last few years.

I have selected certain typical qualities as an indication; but I must point out to you that there are several qualities of different prices of the same composition and weight. For instance, in the all-wool rugs, weighing between 5 lbs. to 6 lbs. per piece, in 60" x 90", I am acquainted with half a dozen qualities, the prices of which are ranging from 7s. to 12s. c.i.f. Same applies to all other mixed rugs, composed of Shoddy Wool and Cotton.

Also for the shoddy piecegoods, I have selected two typical qualities; but there are several others at various prices and of various weights. In such class of goods, the standardisation is very difficult owing to the nature of the raw material, which is used; qualities may differ from one year to the other, so that it is impossible for me to give full details and prices for the past 6 years, as this would imply an enormous amount of work, with samples, etc.

In my opinion, all the goods, included in my list, do not compete with any local woollen production, as the imported goods, composed of regenerated wool, differ in nature, composition, prices, etc., from the locally produced articles.

I am not acquainted with the other goods, such as serge and worsted included in the list of the Tariff Board.

## STATEMENT "A".

Quality.	Percentage.	Size and weight.	1927.		1928.		1929.		1930.		1931.		1932.		1933.		1934.	
			s.	d.	s.	d.	s.	d.	s.	d.	s.	d.	s.	d.	s.	d.	s.	d.
Rug "Roma"	All-wool	60" x 90" Lbs. 6 about.	9	0	8	11	8	11	8	3	..	..	8	0	7	8	8	0
"Cairo"	Ditto	Ditto	17	0	17	0	16	6	15	9	..	..	14	0	13	0	13	6
"Pretoria"	80 per cent. wool. 20 per cent. cotton	60" x 90" Lbs. 5 Ozs. 6.	..	..	..	..	..	..	11	2	12	3	12	6	..	..	..	..
"Londra"	All-wool	60" x 90" Lbs. 5 Ozs. 8.	..	..	..	..	..	..	..	..	..	..	..	..	11	0	12	6
"Victoria"	....	Ditto	..	..	..	..	..	..	11	2	12	3	12	6	..	..	..	..
"Gioconda"	85 per cent. wool. 35 per cent. cotton.	54" x 84" Lbs. 2 Ozs. 6.	4	3	4	5	4	11	3	4	..	..	3	3	3	1	..	..
Melton Plain	85 per cent. wool. 15 per cent. cotton.	51" Ozs. 14.	1	2 1/2	1	2	1	1 1/2	1	1 1/2	..	..	0	11 1/2	1	1	1	1 1/2
Saya Melton	All-wool	51" Ozs. 16.	2	0	1	10 1/2	1	10	1	9 1/2	..	..	1	8	1	8 1/2	1	9

Enclosure No. 2.

*Letter received with Statement "B".*—I enclose herewith a copy of the statement with such prices as I can give. In each of the three cases where I have quoted, my prices are for the same quality right through. The prices are the average of my purchases throughout the calendar years mentioned.

I am sorry that I cannot give more than this, but hope that this will be of some use.



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## STATEMENT "B".

		Weight.	Size or width.	1926-27.	1927.	1928.	1929.	1930.	1931.	1932.	1933.	1934.	
		Oz.	Inches.	s.	d.	s.	d.	s.	d.	s.	d.	s.	d.
<b>(a) Woollen Cloths—</b>													
	(i) Tweeds	16 to 20	54	..	..	..	..	..	..	..	..	..	..
	(ii) Blazer Cloth	14 to 18	54	..	..	..	..	..	..	..	..	..	..
	(iii) Melton	16 to 20	54	..	..	..	..	..	..	..	..	..	..
	(iv) Grey Oxford	About 32	54	..	..	..	..	..	..	..	..	..	..
	(v) Khaki Coat	28 to 32	54	..	5 8	6 0	5 9½	5 7	4 11	4 10	4 9	4 10	4 10
<b>(b) Serges—</b>													
	(i) Worsted Warp and Woollen Weft.	16 to 18	54	..	..	..	..	..	..	..	..	..	..
	(ii) Khaki drab	18	54	..	..	..	..	2 5½	2 4½	2 4	2 4½	2 6	2 6
<b>(c) Worsted—</b>													
	(i) Serges or Coatings	8 to 16	54	8 0	8 2	7 5	6 11	6 6	6 6	6 4	6 3	7 0	7 0
	(ii) Shawl cloth	About 6	..	..	..	..	..	..	..	..	..	..	..
	(iii) Shawls or lobbies	32	103 x 54	..	..	..	..	..	..	..	..	..	..
		20	100 x 50	..	..	..	..	..	..	..	..	..	..
		16	90 x 45	..	..	..	..	..	..	..	..	..	..
<b>(d) Yarns—</b>													
		2/20s up to 2/64s warp.	..	..	..	..	..	..	..	..	..	..	..
	(i) Worsted Yarn	1/16s up to 1/40s wet.	..	..	..	..	..	..	..	..	..	..	..
		2/10s up to 2/64s and 3/10s up to 3/60s.	..	..	..	..	..	..	..	..	..	..	..
	(ii) Hosiery Yarn	3/7s up to 3/16s. or 4/7s up to 4/16s.	..	..	..	..	..	..	..	..	..	..	..
	(iii) Knitting Yarn		..	..	..	..	..	..	..	..	..	..	..

All prices are c.i.f.

Enclosure No. 3.

*Letter received with Statement "C".*—I enclose herewith statement of a few prices only as I find we are not interested in the other items. As regards worsted yarns, etc., I would recommend reference to the "Wool Record and Textile World". Copy for month of July last (see page 231) is enclosed. If required the office will be pleased to lend the Tariff Board their copies which will give quotations from October, 1932, earlier than that have been destroyed.



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## STATEMENT "C".

	Weight.	Size of width.	1926-27.		1927-28.		1928-29.		1929-30.		1930-31.		1931-32.		1932-33.		1933-34.		1934-35.	
			s.	d.	s.	d.	s.	d.	s.	d.	s.	d.	s.	d.	s.	d.	s.	d.	s.	d.
(a) <i>Woolen Cloths</i> —	(i) Tweeds . . . . .	Oz. 16 to 20	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
	(ii) Blazer Cloth . . . . .	54 14 to 18	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
	(iii) Melton . . . . .	52 16 to 20	..	..	..	..	..	..	..	..	..	..	1	7½	1	5½	1	7	..	..
	(iv) Grey Oxford . . . . .	54 About 32	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
	(v) Khaki Coat . . . . .	54 28 to 32	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
(b) <i>Serges</i> —	(i) Worsted Warp and Woollen Weft.	54 16 to 18	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
	(ii) Khaki drab . . . . .	54 18	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
(c) <i>Worsted</i> —	(i) Serges or Coatings . . . . .	54 8 to 16	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
	(ii) Shawl cloth . . . . .	108 x 54 About 6	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
	(iii) Shawls or Loblies . . . . .	100 x 50 20	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
	(d) <i>Yarns</i> —	90 x 45 16	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
(d) <i>Yarns</i> —	(i) Worsted Yarn . . . . .	2/20s up to 2/64s warp, 1/18s up to 1/40s weft, 2/10s up to 2/54s and 3/10s up to 3/60s	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
	(ii) Hosiery Yarn . . . . .	3/7s up to 3/16s or 4/7s up to 4/16s. Star	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
	(iii) Knitting Yarn . . . . .	60 x 90	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
	(e) <i>Blankets and Rugs</i> . . . . .	60 x 90	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
			..	11	4	10	6	8	5	8	3	8	9	7	7	7	8	9	8	8

Please see "Wool Record and Textile Wool". Add 10 per cent. to arrive at prices c.i.f. Bombay.

All prices are c.i.f. Bombay.

9 8  
Today's  
rate.



(2) Letter No. 189/71, dated the 21st January, 1935, from the Chamber of Commerce, Bombay.

With reference to your enquiry over the telephone I would inform you that the goods mentioned in Statements (A) and (C) forwarded to you were of Italian origin while those mentioned in Statement (B) were of British origin.

### **Madras Chamber of Commerce, Madras.**

*Letter dated the 11th January, 1935.*

In reply to your letter No. 456 of the 1st December last, I regret to advise that the imports of woollen products into Madras is very small compared with the imports into the Northern ports of India, and that my Chamber is therefore unable to give you any useful information on this subject which is not more readily available in Bombay or Calcutta.

As regards woollen rugs which come directly into competition with those produced by a member of this Chamber, I am advised that prices have not fluctuated to any great extent since 1931-32.

### **Burma Chamber of Commerce, Rangoon.**

*Letter No. P. 27/476, dated the 12th January, 1935.*

#### **TARIFF BOARD ENQUIRY INTO THE WOOLLEN INDUSTRY.**

I am directed to refer to your letter No. 456, dated the 1st December, 1934, asking the Chamber to furnish information as to the course of prices, since 1926-27, of typical Woollen products, imported into India from different foreign countries and competing with similar goods of Indian manufacture.

2. The Imports Sub-Committee of the Chamber has endeavoured to draw up a statement complying with your request but has found it an impossible task, for qualities have not become standardised, and each year styles change and different qualities are imported to suit the requirements of the market.

3. In only one case has the Sub-Committee been able to furnish comparative figures which are as follows:—

*"Gloria" Italian quality Travelling Rug—all-Wool—size 54" x 88" excluding 2, 4" fringes.*

	1932.	1933.	1934.
Prices c.i.f. Rangoon .	5s. 6d.	5s. 6d.	6s. 4d. per piece.

4. The Chamber much regrets that it is unable to assist the Tariff Board in this matter.

(1) Letter No. 379, dated the 2nd November, 1934, from the Tariff Board, to all local Governments and principal Indian States.

#### **Subject:—APPLICATION FOR PROTECTION BY THE WOOLLEN INDUSTRY.**

I am directed to refer to the Resolution of the Government of India (Commerce Department) No. 9-T. (2), dated the 20th October, 1934, and to the Press Communique issued by the Tariff Board on the same day.

2. For convenience the Tariff Board will deal with the enquiry in two sections, I—the Mill industry, II—the small factory and cottage industry. In regard to the first section the Board expects to receive its information direct and a statement of the mills reported to be working within the jurisdiction of your Government is attached.

In respect of II—the small factory and cottage industry, I am to request that you will be so good as to forward to me such information about the industry carried on within the jurisdiction of your Government as is available. If any prepared statistics *include* the mills referred to, it is requested that the fact may be specially mentioned. In particular the Board desires to have the following information:—

- (1) The number of small scale factories (a) using power, (b) not using power; and an estimate of the capital invested in them.
- (2) The number of persons employed in the industry—(a) in factories using power, (b) in factories or cottages not using power.
- (3) The average wages paid in (a) and (b).
- (4) The number of charkhas, looms or knitting machines.
- (5) What articles are produced (*i.e.*, whether yarn, blankets, shawls, hosiery and knitted goods, etc.).
- (6) The kinds and qualities of wool used, both indigenous and imported.
- (7) Whether the yarn (a) is spun locally by hand or (b) is Indian mill spun yarn or (c) imported.
- (8) Some estimate of the amounts of raw wool and yarns consumed under the headings 6 and 7 (a), (b) and (c).
- (9) The average price per pound paid for the wool and the wool or worsted yarns, of the counts used. What is the system followed in the purchase of raw materials?
- (10) Some estimate of the total annual output in pounds of woollen goods under the headings referred to in (5) above.
- (11) What is the system of carding, spinning and weaving generally followed by the handloom industry?
- (12) The average cost price and the selling price of articles enumerated in question (5).
- (13) How is the cottage and small scale factory industry in general financed, and what rate of interest is commonly paid on loans?
- (14) Has the industry been assisted by Government by the grant of loans or in any other way?
- (15) What are the marketing arrangements for the disposal of the articles produced?
- (16) Are there any other industries which are likely to be affected by a protective duty on woollen or worsted yarns or other woollen manufactures?

3. These questions refer in the first place to the present state of the industry and the current year. But it is obvious that statistics for previous years are requisite for the proper understanding of the condition of the industry. I am therefore to request that as many of the questions as possible may be answered in respect of any or all of the years since and including 1928 for which it is possible to collect information in the time at our disposal. And if any pamphlets or reports have been published regarding the industry in the past which are likely to be useful to this enquiry, the Board will be grateful if copies may be sent to them.

4. Many complaints have been received regarding the competition of foreign imports. I am to request that the Board may be favoured with your views or the views of your Industrial Department on the extent to which the industry has been adversely affected by the competition of goods from—

- (a) the United Kingdom,
- (b) the Continent and America,
- (c) Japan.

Where possible it is hoped that the views will be substantiated by a trade description of the imported article which competes with the local product and by evidence of market prices, and the comparative volume of the competition.

5. It is realised that the compilation of these statistics may take time, but it is hoped that it will prove possible to send a complete answer (with seven spare copies) so as to reach me at the Town Hall, Bombay, not later than the 4th January, 1935.

(2) Letter No. 387, dated the 5th November, 1934, from the Tariff Board, to all local Governments.

In continuation of my letter No. 379, dated the 2nd November, 1934, I am directed by the Tariff Board to request you to be so good as to inform the Board whether the Agricultural Department of your Government has been able within recent years to pay attention to the improvement of the quality of the local wool, and if so whether any appreciable success has been achieved.

### Government of Madras.

(1) Letter No. 3980-II/34-2, dated the 28th November, 1934.

*Subject.*—IMPROVEMENT IN THE QUALITY OF LOCAL WOOL.

With reference to your letter No. 387, dated the 5th November, 1934, on the above subject, I am directed to inform you that the Agricultural Department of this province have done nothing so far to improve the quality of wool except in respect of colour and quantity of yield.

(2) Letter No. 3958-II/34-2, dated the 14th December, 1934, from the Government of Madras.

*Subject.*—PROTECTION TO WOOLLEN INDUSTRY.

With reference to your letter No. 379, dated the 2nd November, 1934, on the above subject, I am directed to forward a copy of a note with seven spare copies furnished by the Director of Industries, Madras, giving the information available.

Enclosure.

### Note for the Tariff Board—Woollen Industry.

As a systematic and separate survey of the woollen industry of this Presidency has not so far been undertaken by this Department, it is not possible to furnish detailed information relating to the industry, so as to cover all the points raised in the communication from the Tariff Board. Attempt has, however, been made to furnish in the following notes such answers to the questions as is possible from the information that is available in the Department and that could be collected since the receipt of the reference from the Tariff Board.

1. (a) There are no private woollen power mills in this Presidency manufacturing woven goods. There is however one wool spinning plant of 100 spindles in the Central Jail, Bellary; but there are no power looms in the Jail. There are two hand loom weaving drugget concerns in Salem which use power only for willowing wool and one concern at Madhavaram near Madras using power for washing wool, and willowing. The Commonwealth Trust Company, Mangalore, employs a few power knitting machines.

(b) The manufacture of woollen goods in hand loom concerns or as a cottage industry is carried on in various districts of the Presidency, but no information is available as to the total number of such concerns or manufacturers. However, it may be stated from the reports received that at Ellore there are about a dozen concerns manufacturing woollen pile carpets and at Wallajapet there are 8 carpet and drugget manufacturing

concerns. There is a drugget concern in Kodambakkam near Madras and another concern at Tiruvottiyur near Madras and a third at Madhavaram, also near Madras. No information is available as to the capital invested by individual concerns or by manufacturers.

2. (a) The Bellary Jail employs about 20 convict labourers in the wool spinning mill. The number of persons employed in the Salem, Madhavaram and Mangalore concerns for their power processes are not considerable.

(b) In Salem, about 200 persons are employed in one concern, while in the second about 80 persons are employed. In the Kodambakkam concern, about 300 hands are employed. About 50 persons are employed in the Tiruvottiyur concern.

It is difficult to furnish with any degree of accuracy information as to the number of workers engaged in woollen manufacture in cottages.

3. (a) Convict labour is charged for at four annas in the Jail factory accounts. The wages paid to willowers in Salem is about eight annas per day and to knitters in Mangalore about 12 annas per day.

(b) The wages paid for bowing (hand carding) wool vary in different places and according to the quality of wool. They range from 4 pies per lb. for Chunam wool to 1 anna per lb. for cut wool. The wages paid for spinning on charka vary according to the quality of wool (Chunam or cut wool) and count of yarn spun. They range from 6 pies per lb. for Chunam wool to 1½ annas per lb. for cut wool.

4. The Census reports do not furnish statistics in regard to these appliances. Recently, however, the Department addressed the Collectors of the various districts to obtain figures of the number of looms weaving cumblies and carpets. The collection of the above statistics is not yet complete, but the information so far received is furnished below:—

West Godavari 93 cumblies looms and 600 pile carpet looms.

*Looms weaving Cumblies.*—Kistna 180 looms, Guntur 74 looms, Kurnool 266, Bellary 601, Anantapur 1,308, Chingleput 18, Chittoor 275, North Arcot 274, Salem 333, Coimbatore 207, Trichinopoly 177, Madura 36 and Malabar 72 looms.

5. The woollen goods manufacturing industry of South India is generally restricted to the production on handlooms of cumblies, pile carpets, and druggets. Shawls are not produced in this Presidency. There are no hosiery concerns solely engaged in the production of woollen knitted goods. Woollen socks and stockings are however produced on cottage knitting machines.

6. The South Indian wool is short stapled and coarse. The wool produced is not known by any trade names as in European countries, but is classified according (1) the name of the district where the wool is produced, (2) the colour, such as white, black, mixed, (3) the manner in which it is removed from the sheep such as cut wool, which is sheared from live animals and dead wool which is crapped from sheep skins soaked in lime pits in tanneries.

As regards imports of wool from foreign countries, it may be stated that during the last 2 years the following quantities of wool have been imported by sea:—

	lbs.	Rs.
1933-34—		
United Kingdom . . . . .	286,335	1,26,836
Australia . . . . .	14,090	9,323
U. S. A. . . . .	136	332
<b>Total . . . . .</b>	<b>300,561</b>	<b>1,36,491</b>

	lbs.	Rs.
1934-35 (7 months April to October)—		
United Kingdom . . . . .	23,727	10,894
Australia . . . . .	2,703	2,414
Total . . . . .	26,430	13,308

As there are no power woollen mills in this Presidency, it is presumed that the imports are taken up by the Mysore State. Information regarding the quality of wool imported is not available.

7. South Indian wool is spun into yarn by means of charka or by suspended spindle. In the Bellary Jail mill alone yarn is produced by machinery. Indian mill yarn as well as imported yarn are also used in this Presidency.

8. The number of sheep in this Presidency has been estimated at about 12·36 millions. The average yield of wool during the life time of a sheep can be taken at about 4 lbs. to 6 lbs. The average yield per sheep per shearing may be taken at about 10 oz. On the basis of two shearings a year, the approximate production of wool can be estimated at about 15·45 million lbs. per annum for this Presidency.

The annexed statement (a) shows the import of raw wool into the Madras Presidency. Statement (b) shows the imports of woollen yarns for weaving and knitting.

It is not possible to furnish figures relating to the consumption of woollen yarns in this Presidency.

9. The prices of wool vary according to quality and colour as also districts. The price of white Chunam wool may be taken at about 2½ annas per lb. and black Chunam wool at 10 pies per lb. The price of cut wool varies from 3½ annas to 8 annas per lb.

The price of hand spun yarn produced from Chunam wool ranges from about 2 annas to 5 annas per pound according to colour, count and districts. The price of hand spun yarn produced from cut wool ranges from about 12 annas to 6½ annas per pound according to colour, count and districts. The price of Indian mill yarn ranges from about Re. 1·4 to Rs. 3·4 per pound according to count and colour.

The price of imported woollen yarn is about Rs. 3·8 per pound and that of imported worsted yarn is about Rs. 3·12 per lb.

Information is not available regarding the counts of the different varieties of woollen yarns imported, as the particulars are not shown in the customs returns. It may be stated however that a few samples of mill yarns obtained from Northern India and tested in the Textile Institute were found to contain 48 yards per ounce.

The counts of hand spun yarns vary widely. Yarns spun from Chunam wool contain 12 yards to 16 yards per ounce, yarns spun from cut wool contain 25 yards to 40 yards per ounce. In Kuditani (Bellary District) fine woollen yarns are spun on the charka from cut wool containing 10 yards to 12 yards per drachm or 160 yards to 192 yards per ounce.

Cut wool is obtained from sheep rearers through local agents. The manufacturers obtain their requirements of Chunam wool from either the local tanneries direct or through agents in other districts.

10. It is not possible to arrive at an estimate of hand spun woollen yarns and woollen goods (cumblies, druggets and carpets) produced in this Presidency. The quantity of yarn produced in the Railway Jail Mill can be taken at about 60,000 lbs. per annum of 300 working days and the number of cumblies manufactured in Jails from the Bellary Jail Yarn at about 15,000 per annum.

11. Generally, carding is done by hand bow and dumbell, and spinning is carried on by means of a charka or a suspended spindle. Weaving of cumblies is carried on mostly on primitive country pit looms while weaving of druggets and oarpets is carried on with looms of the vertical type. In the Bellary Jail cumblies are woven on hand looms fitted with fly shuttles.

12. The cost price of cumblies varies from Re. 1 to Rs. 3 according to quality, colour and size, whilst its sale price ranges from Re. 1-4 to Rs. 3-8.

The cost price of pile carpets made from Chunam wool varies from Rs. 2-4 to Rs. 3 per square yard, according to the colour of wool, texture and design, whilst its sale price ranges from Rs. 2-8 to Rs. 3-8.

The cost price of medium pile carpets made from local white cut wool ranges from Rs. 11 to Rs. 15-8 according to the number of stiches, colour and design, whilst its selling price ranges from Rs. 12-8 to Rs. 18 per square yard. The cost price of fine grade pile carpets made from imported North India wool ranges from Rs. 25 to Rs. 65 per square yard according to the number of stiches, colour and design whilst its selling price ranges from Rs. 30 to Rs. 75 per square yard. The sale prices referred to above also include cost of transport, packing, etc.

The cost price of druggets made from Chunam wool ranges from Re. 1-2 to Rs. 3-8 per square yard according to texture, colour and design, whilst its sale price varies from Re. 1-8 to Rs. 5 per square yard.

The cost price of druggets made from cut wool ranges from Rs. 2-12 to Rs. 5 per square yard according to texture, colour and design whilst its sale price is from Rs. 3 to Rs. 7-8.

13. The capital invested in small scale concerns is generally found by the proprietors themselves. Those weavers who are also rearers of sheep hardly need any investment, as they obtain raw wool from their own sheep. When the goods are intended for export, the cottage manufacturers are financed by sowcars. It is not possible to state the rate of interest paid by the small concerns for any loans taken.

14. So far no applications have been received for grant of loans under the State Aid to Industries Act. Attempts have been made by the Industries Department to introduce weaving of cumblies on fly shuttle looms, improved methods of washing and willowing of wool and dyeing of wool with fast colours. Further, by the installation of a small power driven wool spinning plant in the Government Textile Institute, Madras, attempts are made to interest capitalists in the setting up of such plants in suitable areas in order to produce yarns of uniform quality and count, thus improving the quality of cumblies and carpets.

15. The carpet and drugget manufacturers generally receive orders from exporting houses in Madras and at Cocanada. Some of them are however reported to have direct trade connections with London and America. The cumby manufacturers generally find their market locally and also export their goods to various places such as Bombay, Mysore and Hyderabad.

16. There are no other industries which are likely to be affected by such protective duties.

*Foreign competition.*—As regards the question of foreign competition, it may be stated that the handloom woollen industry of this Presidency is not directly affected by such classes of woollen goods as are imported into this Province. The carpets imported from foreign countries are generally machine made and are of a different class and cannot therefore be said to directly compete with woollen carpets made on handlooms. As regards piecegoods, superior woollen yarns are not available in South India for the manufacture of these goods, and they are not manufactured in Madras Presidency.

*Nature of assistance required.*—The assistance needed for developing the woollen industry of this Province lies in the direction of internal organisation and the affording of facilities such as:—

- (1) providing adequate pastures and paying sufficient attention for raising a more vigorous stock of sheep for augmenting the supply of raw wool, by the importation of foreign rams;
- (2) preventing mixture of cut and dead wool;
- (3) providing an agency for collecting and sorting raw wool;
- (4) granting loans for the installation of wool spinning plants for producing even yarns;
- (5) marketing of the output;
- (6) starting of co-operative societies among the wool workers.

(a) *Imports of raw wool into the Madras Presidency.*

Year.	Quantity (lbs.),	Value (Rs.).
1929-30 . . . . .	...	...
1930-31 . . . . .	...	...
1931-32 . . . . .	...	...
1932-33 . . . . .	...	...
1933-34 . . . . .	300,561	1,36,491

(b) *Imports of woollen yarn for knitting (knitting wool).*

1929-30 . . . . .	57,083	2,06,692
1930-31 . . . . .	31,366	1,09,897
1931-32 . . . . .	27,142	76,218
1932-33 . . . . .	27,666	83,831
1933-34 . . . . .	37,991	94,748
1934-35 (April—October) . . . . .	14,774	37,237

(c) *Imports of worsted yarn for weaving.*

1929-30 . . . . .	1,114	2,720
1930-31 . . . . .	568	1,243
1931-32 . . . . .	6,860	16,934
1932-33 . . . . .	13,546	28,032
1933-34 . . . . .	2,065	4,310
1934-35 (April—October) . . . . .	4,457	11,922

(d) *Total imports of woollen yarn (worsted) for weaving and knitting wool.*

1929-30 . . . . .	58,197	2,09,412
1930-31 . . . . .	31,934	1,11,140
1931-32 . . . . .	34,002	93,152
1932-33 . . . . .	41,212	1,11,863
1933-34 . . . . .	40,056	99,058
1934-35 (7 months April—October) . . . . .	19,231	48,159

(e) *Imports of woollen blankets and rugs (other than floor rugs).*

1929-30 . . . . .	76,156	1,05,663
1930-31 . . . . .	26,231	36,199
1931-32 . . . . .	44,275	45,053
1932-33 . . . . .	113,808	98,151
1933-34 . . . . .	27,348	28,058
1934-35 (April—October) . . . . .	3,422	6,532

(f) *Imports of carpets and floor rugs.*

Year.	Quantity (lbs.).	Value (Rs.).
1929-30 . . . . .	26,682	45,603
1930-31 . . . . .	6,725	14,014
1931-32 . . . . .	8,925	25,158
1932-33 . . . . .	9,436	13,039
1933-34 . . . . .	27,348	28,058
1934-35 (April—October) . . . . .	4,830	13,010

(g) *Imports of hosiery.*

1929-30 . . . . .	3,668	17,105
1930-31 . . . . .	5,220	17,576
1931-32 . . . . .	4,450	15,157
1932-33 . . . . .	1,910	8,210
1933-34 . . . . .	2,208	9,829
1934-35 (April—October) . . . . .	2,545	9,724

(h) *Imports of woollen braids.*

1929-30 . . . . .	5,756	19,526
1930-31 . . . . .	585	1,625
1931-32 . . . . .	656	1,581
1932-33 . . . . .	1,299	3,948
1933-34 . . . . .	8,951	16,433
1934-35 (April—October) . . . . .	nil.	nil.

(i) *Imports of woollen piecegoods.*

Year.	Quantity (Yds.).	Value (Rs.).
1929-30 . . . . .	109,108	2,60,360
1930-31 . . . . .	73,386	1,43,423
1931-32 . . . . .	33,990	77,115
1932-33 . . . . .	179,877	1,87,041
1933-34 . . . . .	210,221	1,84,651
1934-35 (April—October) . . . . .	100,486	1,03,532

(j) *Imports of woollen shawls into the Madras Presidency.*

Year.	Quantity (No.).	Value (Rs.).
1929-30 . . . . .	16,456	85,909
1930-31 . . . . .	18,390	82,912
1931-32 . . . . .	30,243	1,04,850
1932-33 . . . . .	45,934	1,78,642
1933-34 . . . . .	50,746	1,64,499
1934-35 (April—October) . . . . .	2,597	8,343

(k) *Imports of woollen goods (other sorts).*

Year.	lbs.	Rs.
1929-30 . . . . .	16,256	29,621
1930-31 . . . . .	3,337	9,061
1931-32 . . . . .	5,211	8,389
1932-33 . . . . .	4,553	8,671
1933-34 . . . . .	7,315	17,981
1934-35 (April—October) . . . . .	1,511	4,192



(3) *Letter No. 43, dated the 17th January, 1935, from the Tariff Board, to the Director of Industries, Madras.*

With reference to your note for the Tariff Board forwarded with letter No. 3958-II/34, dated the 14th December, 1934, I am directed by the Tariff Board to request you to be good enough to send the following information in explanation of certain doubtful points. I am writing this direct to you in order to save time.

*Question 4.*—The number of looms reported in 14 districts amounts to 3,904, together with 600 carpet looms. Is it possible to estimate the number of looms likely to be found in the remaining districts, separating weaving looms from carpet looms? How many districts are there in the Madras Presidency? Can you, from the number of looms, make a rough estimate of the number of workers engaged in woollen manufacture? Would it, for instance, be correct to say that carding, spinning and weaving combined, there would be on an average 3 workers per loom?

*Question 8.*—The annual production of wool in the Presidency is estimated at about 15.4 million lbs. The Customs Returns show an average export by sea of about 600,000 lbs. Can you make a rough estimate based on the number of looms of the consumption of raw wool by the cottage industry in the manufacture of both cumblies and carpets? Are the looms engaged for only a part of the year and, if so, how long? Have you figures of export of raw wool by land, in order to enable us to ascertain what happens to the balance of the wool produced?

2. It is requested that you will be so good as to let me have a reply addressed to the Town Hall, Bombay, as early as you can.

(4) *Letter No. 3560-A/34, dated the 26th January, 1935, from the Director of Industries, Madras.*

With reference to your letter No. 43, dated the 17th January, 1935, I furnish the following information:—

*Question 4.*—A revised statement is annexed, showing the number of woollen looms in the several districts or areas of this Presidency, as compiled from the further statistics so far received since the submission of my last note to the Tariff Board. The statement shows a total of 4,572 looms engaged in weaving cumblies and blankets, and 686 looms engaged in weaving carpets.

There are 26 districts in the Madras Presidency.

It would be fairly correct to take on an average (for carding, spinning and weaving) three workers per loom.

*Question 8.*—It is difficult to state with any degree of accuracy the consumption of wool by cottage workers in this Presidency. An estimate based on the number of looms at work will not be of any material value. So far as the manufacture of cumblies is concerned, this industry is carried on chiefly as part time occupation. Regular supplies of cut wool are not also available. As regards drugget and carpet manufacture, it may be stated that most of the concerns depend upon foreign orders and the looms are not kept at work full time.

A cumby weaver working for 8 hours a day can produce one cumby weighing about 4 lbs. A weaver working for 8 hours a day can produce one square yard of drugget weighing about 3 lbs. The output of pile carpet varies from 1 to 4 inches per day of 8 hours depending upon the width, number of stitches per inch, number of coloured yarns used and nature of

design adopted. Figures relating to the exports and imports of raw wool by rail from the Madras Presidency during the year 1933-34 are furnished below:—

*Exports from—*

Madras (excluding Sea ports)	35,461 maunds.
Madras ports	2,801 „

*Imports into—*

Madras (excluding Sea ports)	8,094 „
Madras ports	14,604 „

Later figures are available up to end of July, 1934.

*Statement showing the number of woollen looms in the several districts or areas of the Madras Presidency.*

District or areas.	Looms for cumblies and blan- kets.	Looms for carpets.
1. Ganjam Agency	...	...
2. Ganjam Plains	...	...
3. Vizagapatam Agency	...	...
4. Vizagapatam Plains	...	...
5. East Godavari Agency	...	...
6. East Godavari Plains	...	...
7. West Godavari	93	600
8. Kistna	197	6
9. Guntur	74	...
10. Nellore	...	...
11. Cuddapah	1	...
12. Kurnool	266	...
13. Bellary	676	10
14. Anantapur	1,308	...
15. Madras	...	...
16. Chingleput	87	...
17. Chittoor	283	...
18. North Arcot	287	49
19. Salem	238	9
20. Coimbatore	463	...
21. South Arcot	10	...
22. Tanjore	1	...
23. Trichinopoly	177	...
24. Madura	71	...
25. Ramnad	280	...
26. Tinnevely	...	...
27. Malabar	60	12
28. South Kanara	...	...
Total	4,572	686

### Government of the North-West Frontier Province.

(1) *Letter No. 23549-T. D., dated the 30th November, 1934.*

#### SHEEP BREEDING IN THE NORTH-WEST FRONTIER PROVINCE.

I am directed to refer to your letter No. 387, dated the 5th November, 1934, and to say that before the war, Merino rams were introduced into the Kagan valley of the Hazara District with very happy results but the war interrupted the continuity of the experiment with the result that the Merino strain practically disappeared. There are, however, some traces still existent.

This year the experiment has again been started and it is hoped to continue it for a number of years. 15 rams and a flock of 20 ewes were purchased from the Hissar Dale breed and moved to the valley in the month of October. The sheep have been distributed among the breeders in the upper valley.

(2) *Letter No. 716-T. D./9/61, dated the 10th January, 1935, from the Government of the North-West Frontier Province.*

With reference to your letter No. 379, dated the 2nd November, 1934, I am directed to enclose a copy with 7 spare copies of the answers to the questionnaire on the Woollen Industry.

Enclosure.

ANSWERS TO THE QUESTIONNAIRE OF THE TARIFF BOARD CONTAINED IN THEIR LETTER NO. 379, DATED BOMBAY, THE 2ND NOVEMBER, 1934.

No. and section of Question.	Small Scale Factory.	Cottage Industry.	Changes since 1928.
1 (a)	2. 3. Capital : Rs. 57,000.	Uncertain. Rs. 27,000 (?)	One new factory started with power machines; in another power machines introduced.
2 (a) (b)	24. 7.	Rs. 2,350 (?)	Decrease or cessation due to depression and improved machinery, in the case of power factories; cessation of spinning on commercial scale cottages.
3 (a) (b)	Rs. 15 per mensem. Rs. 12       "	Not definite.	Due to depression wages in non-power factories greatly reduced. In power factories steady; in cottages, spinning and weaving rates almost the same.
4	40 (knitting machines.)	Charkhas : 1,800 (?) Looms : 900 (?)	Of the knitting machines 18 are not being used.
5	Hosiery and knitted goods.	Blankets; Carpets; Namdas; Cloth.	Hand knitting machines have completely ceased to be used for woollens.

No. and section of Question.	Small Scale Factory.	Cottage Industry.	Changes since 1928.
6	<p><i>Imported :—</i>  Marino, 2-32.  R. B., 2-32.  88, 2-16.  780, 2-20.</p> <p><i>Indian :—</i>  R. D., 2-16.</p>	Local.	Complete cessation of local yarn in favour of Japanese in "Pattu" industry of the cottage.
7	Imported and Indian Mill-made.	Locally spun or twisted.	Decrease in the use of locally spun yarn.
8	About 2,720 lbs.	About 47,500 lbs.	
9	<p><i>Imported :—</i>  Marino at Rs. 2-12 per lb.  R. D. at Rs. 1-2 per lb.</p> <p><i>Indian :—</i>  R. D. at Rs. 1-9 per lb.</p> <p><i>Bought : through agents at Amritsar, Ludhiana and Bombay.</i></p>	<p>Raw wool at 4 to 8 annas per lb; spinning 6 annas per lb.</p> <p>Owmed.</p>	Decrease in the amount used in knitting factories, due to rise in price of both Indian Mill and foreign yarn.
10	About 2,000 lbs.	About 40,000 lbs.	
11	....	<p><i>Carding :—</i>By hand or with "Pinjian".</p> <p><i>Spinning :—</i>On "Charkha" or "Chosha".</p> <p><i>Weaving :—</i>On "Khaddi" both at home and for hire.</p>	Weaving is becoming more specialised in Bhugarmung tweeds and Khoat "Pattu."
12	<p>No reliable figures can be suggested for cost price.</p> <p><i>Selling Price :—</i>  Pullovers Rs. 1-5 to Rs. 7 each.  Socks : Rs. 8-6 per doz.</p> <p>Stockings :  Rs. 18 per doz.</p>	<p><i>Cost-price :—</i>  Blankets :—Rs 3 to Rs. 12 each.  Namdas :—Rs. 2 to Rs. 3 each.  Carpets :— Rs. 4 to Rs. 12.</p> <p><i>Selling Price :—</i>  Blankets :—At Rs. 3 to Rs. 16 each.  Namdas :—At Rs. 5 each.  Carpets :—At Rs. 5 to Rs. 15 each.</p> <p>Private funds; sometimes dealer provides yarn.</p>	<p>Socks : 66 per cent. fall in price in 3 years.  Stockings : 50 per cent. fall in 4 years. No reliable information about cottage industry.</p>
13	Family loans. No interest.		No change.

No. and section of Question.	Small Seale Factory.	Cottage Industry.	Changes since 1928.
14	No help.	Distribution of 60 Australian merinos in 1934; New Zealand merino in 1922.	Introduction of Australian merino in 1934.
15	Sold through commission and travelling agents and advertising.	Sold by dealers and personally by producer in local market.	
16	Dyeing; Cotton knitting; Knitting machinery.	Sheep-farming. Trade in skins. Khaddi making. Less dependence on land.	If demand for local cloth increased it might lead to improvement in cattle breeding and agriculture.

The effect of foreign competition is seen in:—Indian socks sell at Rs. 8-6 per dozen, Japanese socks sell at Rs. 4-8 per dozen; Indian pullovers sell at Rs. 5 each, Japanese pullovers sell at Rs. 3-12 each.

Italian blankets compete with local blankets:—An Italian blanket sells for Rs. 7 to Rs. 9, local blanket of the same thickness sells for Rs. 12 to Rs. 15. In the case of woollen cloth competition is limited to Kashmir tweeds.

### Government of the United Provinces.

(1) *Letter No. 3216/XVIII-478, dated the 6th December, 1934.*

With reference to your letter No. 337, dated November 5th, 1934, I am directed to say that no work has been done in the Agriculture Department of this Government in recent years for the improvement of the quality of the local wool. A scheme is, however, under preparation for the purpose at present.

(2) *Letter No. 3550-II/XVIII-478, dated the 5th January, 1935, from the Government of the United Provinces.*

With reference to your letter No. 379, dated November 2, 1934, I am directed to forward, for the information of the Tariff Board, a note (with 7 spare copies) by the Director of Industries, United Provinces, on the wool industry of the province together with a copy of the "Report on the Further Development of the Wool Industry in the Rural districts of the United Provinces" by Professor Barker. The blanket and hosiery industries need protection. An enhancement of the duty on yarn however would injure cottage workers.

Enclosure.

### COTTAGE WOOLLEN INDUSTRY IN THE UNITED PROVINCES.

*Note for the Tariff Board with reference to their questionnaire forwarded with their letter No. 379, dated the 2nd November, 1934, to the United Provinces Government.*

**General remarks.**—The bulk of the production in the United Provinces is of blankets and carpets. Puttoo cloth is produced in the hills by the Bhotias mainly for hill consumption. Of late some shawl making has also been introduced at the weaving centres by the efforts of the weaving schools.

For blankets and carpets indigenous raw wool is mostly used, a little comes from Bikanere and the Punjab. For shawls mostly imported woollen yarn is used. In the hills *Pashmina* wool is also used for shawls.

*Present condition.*—For the last four years blanket weaving has been going down. This department had occasion to make some inquiries into the causes of this decline and it was found that the immediate cause was the import of cheap Italian rugs and blankets made of mixed cotton and wool and of inferior wool. The latest reports show that there has been no recovery as yet, on the other hand the competition had become keener. This has dealt a blow to the rising industry of Muzaffarnagar and Najibabad which had begun to produce heavy and durable blankets suitable even for urban requirements. Italian blankets are cheap and attractive. They have penetrated into the interior of the country even into the hills and have affected the blanket making industry of the hill districts also. Carpet industry has not suffered because it continued to get cheap wool and moreover the Ottawa agreement have brought good business. Of late, Persian carpets coming through the frontier and French jute and cotton carpets have entered into competition with the Indian products. This question needs investigation.

*Hosiery.*—During the last ten years woollen hosiery industry has also assumed some importance. It started with imported (Polish) yarn and now it is using Japanese yarn also in large quantities. This industry is reported to have received a shock very recently from the Japanese and German competition.

*Puttoo* is going down from other causes as well and will not be much affected by changes in tariff. It requires more direct aid.

*Yarn.*—Yarn spun is all used for blankets or carpets; spinning is not done for the production of yarn only. Like Puttoo spinning can be improved by more direct State aid than regulation of tariffs. In this connection Prof. Barker's report may be consulted.

*Organisation.*—Non-power wool spinning and weaving is essentially a cottage industry and there are very few factories in the strict sense. The blanket weavers get the wool spun by the women folk or get it spun on wages and weave the blankets in strips on their narrow throw shuttle looms. The strips are later stitched together to produce the desired width. Some fly shuttle looms have of late been introduced and on these full size blankets are woven. A few well-to-do weavers or small capitalists and ex-students of weaving schools have put up factories, i.e., fitted up 4 to 6 fly-shuttle looms at one place and got the weaving done on wages. The exact number of such factories is not known but they do not exceed 20 in all and form an unimportant factor in the organisation of the woollen industry. A Co-operative Society of weavers at Najibabad has set up a factory where six big fly-shuttle frame looms have been put up for the use of members who weave full width blankets of superior quality on these looms using yarn spun in the demonstration factory of the society.

There are no small power factories for weaving except one at Dayalbagh. There are two for carding and spinning—one at Najibabad started as a demonstration factory by the Industries Department and being run by the Co-operative Society for the production of yarn for blankets and another at Mirzapur which is private owned and produces yarn for the carpet weavers.

The organisation of the carpet industry is a bit different. All good work is done in the factories owned by carpet exporters and dealers or other middlemen supplying carpets to such dealers. For ordinary carpets and standard quality carpets for exports, the dealers supply yarn to cottage workers and get carpets made according to designs supplied. Further there are independent weavers who prepare carpets at their own initiative and sell to dealers. The industry is very well developed in the Mirzapur district. Agra is another good centre and smaller centres are Bhadoi in the Benares State adjoining Mirzapur district and Jhansi and Almora.

## Answer to specific questions.

## 1. Number of small factories:

(a) *Using power*.—(i) As already stated there are no small power weaving factories except one at Dayalbagh. There are 2 spinning factories—one at Najibabad in Bijnor district and the other at Mirzapur. The Najibabad factory is a Government factory mainly for demonstration purposes. The Co-operative Society meets the running expenses only. The building too has been set up with Government expenso. Information about capital of the Mirzapur factory is not available. A few small power looms have been set up at Dayalbagh as a part of the "Model Industries" organisation. Separate information regarding looms for wool only is not available.

(ii) There are 6 power hosiery factories.

(b) *Not using power*.—(i) Blankot factories including shawl—2 at Najibabad and 6 at Almora, i.e., 8 in the United Provinces. Information about other centres is not available.

(ii) Carpet factories—10 at Mirzapur, 4 at Agra and 2 at Bhadoi, i.e., 16 in the United Provinces. Carpets are made in the jails as well especially at Agra.

(iii) Hosiery factories—33.

(iv) Besides, there are cottage weavers both for blanket and carpets who work on their own looms. Number of looms for the whole province cannot be estimated. It is reported that there are 2,000 looms in the Muzaffarnagar district for blankets and 12,000 in Almora district. The estimate for carpet looms is about 5,000 for the whole province.

2. Number of persons engaged is about 22,000 including working dependents of the main workers. The number engaged in the factories is as follows:—

## (i) Power factories—

	Persons.
(a) Najibabad . . . . .	15
(b) Mirzapur . . . . .	125
(c) Hosiery factories . . . . .	125
<b>Total</b> . . . . .	<b>265</b>

## (ii) Non-power factories—

(a) Blankets . . . . . 120 persons.

(b) Carpet and hosiery—Number are not known.

3. (i) The blanket factories at Najibabad pay Rs. 5 to Rs. 5-8 per month.

(ii) The wages of Muzaffarnagar blanket weaver is As. 4 per day.

(iii) Wages of Benares power hosiery factory vary from Rs. 15 to Rs. 40 per month.

(iv) Wages at Almora woollen factories is As. 10 per day. Wages at the spinning (power) factories are not known.

4. (i) Number of *charkhas*—

(a) Najibabad factories . . . . .	10
(b) Others . . . . .	10,500

## (ii) Looms—

(a) Factories at Najibabad—9.

(b) Cottage workers—2,500 looms and 12,000 Bhotia looms.

## (iii) Knitting machines—

(a) Power . . . . .	56
(b) Hand . . . . .	318

5. The bulk of the production is of blankets. In the villages black blankets are predominant but in and near Muzaffarnagar and Najibabad better striped and coloured blankets are also produced. These blankets are exported to different parts of Northern India. Lohis and shawls are also produced by the handloom factories at Almora and Najibabad. The production is small. In hosiery goods (socks, hoses, pullovers and mufflers) are generally produced. Pullovers and Sweaters form the bulk of the knitted goods produced. At Almora they are devoting more attention to socks, hoses and mufflers. Yarn is seldom sold as a separate item. Even the two power factories produce yarn for the local weavers only. It is usually spun for the weavers. For shawls and knitted goods they mostly use imported yarn. In the hills *Pashmina* wool is used for shawls.

6. Wool is almost all indigenous. In the Muzaffarnagar district some wool comes from the Punjab also. Hill districts use Tibetan and Kashmiri wool also. The imported wool is not used for spinning. Imported yarn is used is generally either Japanese or Polish.

7. (a) The bulk of the yarn is locally spun.

(b) Two mills supply mill spun yarn—one for blankets and the other for carpets. Agra Carpet makers use some yarn made in the Punjab and Cawnpore mills. Very little if at all fine yarn of Indian mills is used by the small manufacturer.

(c) Almost all hosiery and shawl yarn is imported—Polish, Japanese and English.

8. About 5,000,000 lbs. of wool including yarn spun out of it, consumption of imported yarn cannot be given. The figure for wool is an estimate.

9. Average price of raw wool is As. 4 to As. 6 per lb. Woollen yarn—

(a) Mill spun at Najibabad As. 14 to Re. 1 per lb.

(b) Hand spun As. 8 to As. 10 per lb.

(c) Imported yarn for shawls and hosiery Rs. 2-12 to Rs. 3-12 per lb.

(d) Indian mill spun yarn Rs. 2 per lb. (average).

Raw wool is purchased from local markets by individual weavers or spinners. Dealers keep stock of raw wool which they purchase from Gadariyas locally or get from the Punjab. Some dealers advance yarn or wool to workers and get back blankets or carpets. This is very common for carpets.

#### Counts of yarn—

(1) Blankets, 6s—10s woollen.

(2) Carpets, 6s—10s.

(3) Shawls at 2/78s, 2/64s, 1/64s, 2/16s, 2/40s.

10. 1,034,000 lbs. of blankets, etc. }  
650,000 lbs. of carpets. } Estimated.

11. Carding is done by means of a bow or *Dhanukh* as for cotton. The bulk of the work is done by spinners themselves in the villages with a simple bow. At the important centres Dhuniya or professional carder does this work on wages. No carding is done in the hills as the long staples do not admit of the treatment of the ordinary carding bow.

*Spinning.*—The bulk of the work is by means of the *Charkha* or the spinning wheel. Similar to the one for cotton. In the plains women do the spinning while in the hills men do it and women are engaged in weaving. They hold carded wool in the left hand and work the wheel by the right, *Takli* or *Katwa* (or single spindle) is also used, generally in the hills.

*Weaving.*—Very simple village looms are used. They are narrow and have locally made cotton healds. Fly shuttle looms have been introduced at many places in the Bijnore, Muzaffarnagar and Almora districts. In the hills the Bhotias use a very simple loom which according to Professor Barker resembles the loom used "in the ancient Kingdom of the Incas, some 14,000 feet up the Andes." One of its shed is formed by a half-head and the



reverse shed by means of a thick rod behind the half-head. Each shed has to be opened out by means of a broad stick, the pick being inserted while the stick holds the threads apart.

12. The sale price of blankets is Re. 1-8 to Rs. 10 each. The average price should be about Rs. 3 per blanket. Shawls per pair sell at Rs. 10 to Rs. 12, Puttoo As. 10 per yard; Carpets from As. 12 to Rs. 50 per sq. yd. Common price Rs. 3 to Rs. 5-8 for ordinary and Rs. 7 to Rs. 20 for superior.

Cost prices cannot be given. 1928 figures are not available.

13. Weavers of blankets get wool on credit from Mahajans and wool dealers. They pay 15 per cent. to 37½ per cent. interest.

14. The Co-operative Factory at Najibabad has been assisted by grants to erect a building for the factory and the charges to run it in the beginning. The machinery has been put up for use by the Government. The staff of the Government Textile School, Cawnpore, and of the Government Model Weaving School, Najibabad, offer technical assistance free of charge. A loan of Rs. 10,000 was advanced by Government through the Co-operative Department. Government assistance to others has been as follows:—

- (i) Technical assistance at Almora and Najibabad and Muzaffarnagar through the Model Schools specially in wool.
- (ii) Grants for knitting factories.

15. *Marketing arrangements.*—(i) Co-operative Society markets the goods through its selling agents.

(ii) Weavers sell to dealers and also direct to customers. Dealers have shops at weaving centres and also visit fairs. The marketing organisation is similar to other cottage industries. Weavers often make goods to order. Big dealers in carpet get orders from abroad and get goods made. Much business in blankets is done at the fairs and exhibitions.

16. The only other woollen industry is that of making *Namda* which is a felted material made of unspun wool. The *Namdās* are used as bed and floor rugs, prayer-mats, saddles, etc. The industry is important at Bahraich only. A layer of stretched wool is spread evenly over a mat which can be easily rolled up. The thickness of the layer varies according to the kind of *Namda* required but it must be uniform. Water is then sprinkled over the wool and the mat is rolled up and carefully pressed for several hours with hands or feet. A second layer of wool has to be laid over the first after the latter has been partially felted. It is usual also to turn the *Namda* over and to repeat the process.

These *Namdās* are made in different sizes varying from 2' x 2' to 8' x 6'. The industry is in a very depressed state at present due mainly to the fall in demand which itself is due mainly to the change in taste.

This is a small industry. About 500 lbs. of wool is consumed and only 10 to 12 persons are engaged at present.

*Effect of competition.*—Italian rugs, and since last year Japanese rugs and blankets, have dealt a severe blow to the indigenous blanket industry. There should be sufficiently heavy duty on the cheap blankets and rugs especially those made of mixed wool and cotton or of shoddy or waste wool. This quality has the most adverse effect.

The consumer is not likely to suffer in the long run, as the hand woven blankets are warmer and more durable.

Competition from the United Kingdom has not been felt by any of the cottage products.

German and Japan hosiery goods have adversely affected the small hosiery manufacturers. It is not possible to give an estimate of the extent to which these industries have been affected. In this respect the mills and the Association of Hosiery Manufacturers will be able to put up a good case. In the opinion of this Department Government should support enhancement of duty on hosiery goods, blankets and to a lesser extent on

piecegoods. It is doubtful if enhanced duty on yarn will be appreciated by the cottage weavers and small hosiery factories. They depend upon foreign yarn at present and any enhancement of price will adversely affect their cost of production. The present duty of 30 per cent. on non-British goods is fairly high. At the most Government may fix this duty as a protective duty for a number of years.

(3) *Letter from the Tariff Board No. 39, dated the 16th January, 1935, to the Director of Industries, United Provinces, Cawnpore.*

With reference to your "Note for the Tariff Board" forwarded to the Board by the Government of the United Provinces with their letter No. 3550—11/XVIII-478 of the 5th January, 1935, I am directed by the Board to ask you to be good enough to supply the following information in elucidation of some doubtful points. In order to save time I am writing direct to you.

*Questions 1, 2 & 4.*—The number of cottage looms engaged in weaving is put at 14,500, and cottage carpet looms at 5,000. Now the number of workers in the Province is put at 22,000, a figure which seems very low in comparison with the number of looms. If this is the figure taken from the Census, do you not think it requires correction? If we assumed 3 workers to be necessary for each weaving loom (including the hand spinners) the number of workers required for 14,500 looms would be 43,500. And even if we assume that the carpet looms use mill spun yarn for the most part would the number of workers be less than 2 per loom on an average, say, another 10,000? If these considerations are valid, at what figure would you put the total number of workers in the Province? It is understood of course that many of the workers have other part-time occupations. Can you estimate for how many months of the year the looms are engaged?

*Question 6.*—It is stated that "the imported wool is not used for spinning". Please state for what purpose it is used: or is the meaning that it is spun for home consumption only, and not for sale?

*Question 8.*—Please state how the estimate of 8,000,000 lbs. (consumption of wool) is arrived at. The output of finished goods (in Question 10) is put only at 1,684,000 lbs. Presumably the consumption of the mills is included in the estimate of 8,000,000 lbs.? The output of 1,034,000 lbs. on 14,500 looms (71 lbs. per loom) seems low, except on the assumption that the looms are idle for part of the year. Is this a fact?

(4) *Letter No. 9247/51-Ind., dated the 29th January, 1935, from the Director of Industries, United Provinces.*

With reference to your letter No. 39, dated January 16th, 1935, I have the honour to state as follows:—

*Questions 1, 2 & 4.*—The figure for cottage looms includes 12,000 Bhutia looms also. I have described these Bhutia looms. Those looms are not fixed at any one centre and the Bhutias are a partially nomadic tribe who move about from place to place. They come down to the Tarai in winter and go into the interior in spring and finally go to Tibet in summer. Bhutias are traders, partially agriculturists as well as weavers. This accounts for their not being shown exclusively under wool weavers, hence the low figure of 22,000 given in the last Census Report. I have not given any figure beyond that contained in the Census Report as no estimate of their number engaged has been given by the officer in the hills who has estimated the number of Bhutia looms to be 12,000. It is estimated that at least three persons are engaged per loom. Wool weavers work almost throughout the year except in the rains when the work is very slack. Industrial Surveyors who conducted an enquiry into the rural industries estimate that they work for about 200/250 days in the year.

*Question 6.*—Imported wool is either from Tibet or Australia. The Tibetan variety is spun by the Bhutias for their own use and the yarn spun

out of this is not sold to the blanket weavers of the province. Raw wool imported from Tibet in larger quantities for sale is not spun for blanket weaving but is either exported or used by the power mills. Australian wool is all imported by or for the mills.

*Question 10 (a).*—The estimate of 800,000 lbs. (consumption of wool) is based on the report of the weaving schools at the blanket weaving centres. It includes the amount of wool used for spinning and for the looms of the Bhutias. The output given by me is for blankets and carpets only. The output of Bhutia looms and looms engaged in weaving other fabrics besides blankets could not be estimated and so no figures were given.

(5) *Letter No. 143/51-Ind., dated the 10th April, 1935, from the Director of Industries, United Provinces, Cawnpore.*

I have the honour to submit herewith for the information of the Board the additional information (statements of costs of blankets and shawls) promised by the representatives during the course of their oral evidence. The samples of blankets are being sent by rail separately. Four spare copies of the statements are enclosed for the use of Members. The delay is due to the difficulty in getting correct information from the weavers.

Enclosures.

#### STATEMENT No. 1.

Four representative types of blankets are selected and their costings are mentioned in the statement. They are 2 to 4 piece blankets woven of hand spun yarn both in warp and weft on "Kargas" or throw-shuttle looms.

The wool used for kamblis, i.e., sample No. 1 is black wool costing Rs. 27 to 30 per maund at the manufacturing centre and about 20 kamblis are made from one maund of wool. The price of wool of samples 2, 3 and 4 are Rs. 20, Rs. 25 and Rs. 40 respectively and 15, 12 and 10 blankets are turned out from a maund of wool.

The cleaning, carding, spinning, milling and finishing charges are actually paid by the blanket manufacturer to outside labour employed for the processes.

The interest charges are assumed at the current rates at which the blanket manufacturer pays to Mahajan whenever he is indebted to him, though in several instances he may find his own capital for wool purchases.

Rate of wages mentioned under winding, warping, winding of weft on pirns and weaving are those that are paid to such processes whenever outside labour is engaged for the processes. The usual practice is that the blanket manufacturer engages himself and the members of his family on these processes. The preparation and weaving charges though apparently more in the case of better quality blankets, they are more or less the same on account of the production per operative in the case of better qualities being lower than in cheaper qualities.

Generally the blanket manufacturer hawks and sells his goods and at the same time allows a commission of one anna per piece whenever he has to engage outside help for the purpose of sales.

Sale price is the wholesale selling price of the types of blankets under reference. The retail selling price varies widely—depending upon the bargaining or staying capacity of the weaver and season.

The costing does not allow for any depreciation of stock due to fall in prices of raw material, damage due to storage necessitating from carrying-over of certain stocks from season to season.

## Statement of estimated cost of production of blankets in Bijnor and Musaffarnagar districts of United Provinces.

## HAND SPUN YARN.

No.	Description.	Raw material.	Cleaning and carding.	Spinning.	Winding, Warping and preparing.	Weaving.	Milling and finishing.	Commission paid to Aftab-Has, i.e., hawkers.	Interest on borrowing.	Total cost price.	Sale price.	Remarks.
1	2	3	4	5	6	7	8	9	10	11	12	13
1	Black coarse blanket "Kaml" 108" x 54".	Rs. A. P. 1 5 6	Rs. A. P. 0 2 6	Rs. A. P. 0 5 0	Rs. A. P. 0 1 6	Rs. A. P. 0 3 0	Rs. A. P. 0 3 0	Rs. A. P. 0 1 0	Rs. A. P. 0 1 0	Rs. A. P. 2 6 6	Rs. A. P. 2 2 0 to 2 4 0	Rs. A. P. 2 4 0
2	Sample No. 2 type low quality patterned blanket 102" x 54".	1 6 0	0 2 9	0 5 0	0 1 6	0 4 0	0 2 0	0 1 0	0 1 3	2 8 0	2 4 0 to 2 8 0	
3	Sample No. 3 medium quality patterned blanket 108" x 60".	2 0 0	0 4 0	0 8 0	0 2 0	0 5 0	0 4 0	0 1 0	0 1 6	3 9 6	3 4 0 to 3 8 0	
4	Sample No. 4 superior quality patterned blanket 108" x 60".	4 0 0	0 5 6	0 10 0	0 2 6	0 7 0	0 6 0	0 1 0	0 2 6	5 2 6	5 8 0 to 6 8 0	

## STATEMENT No. 2.

Three samples of blankets woven from machine spun yarn at Najibabad are selected for costing purposes. They are one piece blankets woven full width on flyshuttle looms.

The qualities of blankets vary mostly with the quality of wool and the weight of the blanket.

Cleaning, carding and spinning is done at the woollen spinning factory, Najibabad for the members of the co-operative society running the factory. The weavers bring their own wool and get that spun into yarn and are charged As. 3 per lb. The plant and machinery being given free to the Weavers' Co-operative Society, Najibabad by United Provinces Government, the sum of As. 3 per lb., i.e., spinning charges to members does not cover all items of expenses in spinning and more or less covers only the running and maintaining charges of the plant. Of all charges are included the spinning charges would be about 1 anna more, i.e., As. 4 per lb. instead of As. 3.

These blankets are manufactured by the Blanket Weavers' Co-operative Society and they actually pay the rates of wages as per statement except the item No. 9 under commission to hawkers as mostly they arrange to sell their goods individually. The selling price is the wholesale price, the retail prices being As. 4 to As. 8 extra in season.

The Weavers' Co-operative Society, Najibabad, has incurred loss on account of their having had to carry large stocks of manufactured blankets to next season and consequent damage and depreciation of goods in stock, which is not taken into account in the statement of cost.



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## Statement of estimate cost of production of blankets at at Najibabad, United Provinces.

## MACHINE SPUN YARN.

No.	Description.	Raw material.	Cleaning and carding.	Spinning.	Winding, Warping and prepping.	Weaving.	Milling and finishing.	Commission paid to Agent, i.e., hawkers.	Interest on borrowings.	Total cost price.	Selling price.
1	2	3	4	5	6	7	8	9	10	11	12
1	Sample No. 1 low quality 108" x 60"	Rs. A. P. 2 4 0	Rs. A. P. ..	Rs. A. P. 1 0 0	Rs. A. P. 0 2 0	Rs. A. P. 0 6 0	Rs. A. P. 0 4 0	Rs. A. P. 0 1 0	Rs. A. P. 0 1 0	Rs. A. P. 4 2 0	Rs. A. P. 3 12 0 4 4 0
2	Sample No. 2 medium quality 105" x 57"	2 12 0	..	1 2 0	0 2 0	0 0 0	0 8 0	0 1 0	0 2 0	5 0 0	4 8 0 to 5 0 0
3	Sample No. 3 superior quality 108" x 60"	4 0 0	..	1 8 0	0 3 0	0 6 0	0 10 0	0 1 0	0 2 0	6 12 0	6 8 0 to 7 8 0
4	Sample No. 4 . . . . .										
5	Sample No. 5 . . . . .										

To show quality of blanket milled and finished by indigenous processes.

To show quality of blanket machine milled and finished in Polish Factory.

## STATEMENT No. 3.

*Costing of Woollen Shawls from imported yarn.*

Shawls 56" x 6 yds. finished size are manufactured from imported continental and Japanese woollen yarns. Generally 2/78s in warp and 64s single in weft are employed. The reeds used vary being 64s, 60s or 52s and the average weight of a shawl is 2 lbs. a price of 56" x 6 yds., i.e., 56" x 3 yds. double fold:—

	Rs. a.
Cost of 1 lb. of 2/78s warp . . . . .	4 0
Cost of 1 lb. of 64s weft . . . . .	3 4
Winding, warping, etc. . . . .	0 12
Weaving . . . . .	1 0
Washing and finishing . . . . .	0 4
Net cost . . . . .	<u>9 4</u>

Wholesale selling price Rs. 10 a piece (double fold).

Retail selling price Rs. 11 a piece (double fold).

These type of goods being manufactured by small factory owners, they engage labour in processes and pay the above price rate wages. The margin between net cost and selling price would be the earning of the owner and includes all other items of expenditure.

## STATEMENT No. 4.

*Milling and Finishing.*

The four samples of blankets sent as enclosures to statement No. 1 and sample No. 1 and No. 4 sent as enclosures to statement No. 2 are milled and finished by indigenous processes of foot milling and finishing. Samples Nos. 2 and 3 sent as enclosures to statement No. 2 are first milled and finished by indigenous processes and then raised by wire fillets which is now conducted as an experiment to see if any raising appliance at a small cost could be found to be suitable for the purpose. So far though it has been possible to get a better raised blanket, the raising is not uniform and requires great care. Sample No. 5 is a cutting from blanket milled and finished in a Polish factory as mentioned in our oral evidence. The quality of blanket corresponds to sample No. 1 enclosure to statement No. 2 and is superior in finish to other types and compares favourably even with the best type, i.e., sample No. 3 enclosure to statement 2. The sample has been preserved for over 2 years and often out in transit. Its original feel and body was better than at present.

It is estimated that a small milling and finishing plant to turn out 100 blankets a day costs Rs. 25,000 for plant and machinery and requires a running capital of Rs. 10,000. The cost of raising and finishing works out to As. 12 per piece at 60 per cent. efficiency. The factory being erected in a muffusil centre. The cost of raising would therefore be increased by about As. 8 a piece. The improved product is estimated to sell at a higher whole-sale price of Re. 1 per piece.

**Government of Assam.**

*Letter No. 275—5-E., dated the 11th December, 1934.*

*Subject:—APPLICATION FOR PROTECTION TO THE WOOLLEN INDUSTRY.*

I am directed to refer to the correspondence resting with your letter No. 387, dated the 5th November, 1934, on the above subject, and to say that there is no woollen factory in this province nor anything amounting

to a cottage woollen industry. The replies to the Tariff Board's questionnaire are therefore blank for Assam. As regards improvement in the quality of local wool, the Agriculture Department made some sheep breeding experiments with Dumba Sheep in 1909, but these proved a failure for various reasons, and were given up in 1915. Since January, 1932, however a small experiment has again been started with the "Bikanir" breed, which is believed to offer prospects in respect of both wool and meat and is thriving well so far. A small consignment of 80 lbs. of wool was sold to the Cawnpore woollen mills at As. 5-6 per pound during last year.

2. Recently it appears that a few people have taken to manufacturing coarse woollen stuff on a small scale, but the amount is hitherto insignificant.

### Government of Bombay.

(1) *Letter No. 238/33-D., dated the 18th December, 1934.*

*Subject:—WOOLLEN INDUSTRY.*

I am directed by the Government of Bombay (Transferred Departments) to refer to your letter No. 387, dated the 5th November, 1934, and to forward herewith an extract of paragraphs 2 to 5 of a memorandum No. 140/14403, dated the 5th December, 1934, from the Director of Agriculture which furnishes information regarding the work done by the Agricultural Department for improvement of the quality of the local wool. The information called for in your letters No. 379, dated the 2nd November, 1934, and No. 431, dated the 24th November, 1934, is being collected and will be furnished to you as soon as it is received from the officers concerned.

Enclosure.

*Extract of paragraphs 2 to 5 of a memorandum No. 140/14403, dated the 5th December, 1934, from the Director of Agriculture.*

"2. This department has done very little to improve the quality of wool in this Presidency. In each of the years 1921, 1923, 1925, and 1926 two cross bred Merino Rams were purchased from the Government Farm, Hissar. These were located at Tegur Farm and Mr. Mangsuli's Private Farm, Athni.

3. In the year 1928, 12 more rams were purchased, 1 going to Tegur, 2 into Belgaum district, 2 in Dharwar district, 2 to Mr. Mangsuli, and 5 into Bijapur district. The resulting crosses produced a fine wool, with a large yield per sheep. Owing to financial stringency this work was stopped.

4. Due to the small amount of improved wool being produced and this over a large area, no better prices were obtained. If Government should, at any time, impose a tariff, and if this tariff is to have any effect on the country, I would suggest that the income of the tariff be utilized in, firstly, improving the sheep, and secondly, to educate those getting a living from wool as a cottage industry in better methods of utilization. Without the above I fail to see how any tariff is going to be of any value to the country. In India, thousands of people in the villages depend on wool and wool manufacture. Should this cottage industry be put out of action, by mills utilizing more Indian wool, then I fear those earning a living from this cottage industry will suffer considerably.

5. The sheep in India is a poor yielder and to make up for this the shepherd has to go a step further in the industry, either only spinning the wool in his spare time, or even going as far as blanket-making. Take away these profits and there is nothing left for the shepherd."



(2) *Letter No. 238/33-D, dated the 4th January, 1935, from the Government of Bombay.*

*Subject:—WOOLLEN INDUSTRIES—STATISTICS OF—REQUEST FOR, BY TARIFF BOARD.*

I am directed by the Government of Bombay (Transferred Departments) to refer to your letter No. 379, dated the 2nd November, 1934, regarding the Tariff Board's enquiry in connection with the Woollen Industry and to forward herewith copies of letter from the Director of Industries, No. I. O. 251/10292, dated the 20th December, 1934, and its enclosures (with seven spare copies), which furnish, as far as available, the information regarding the woollen industry on the several points mentioned by you. Government do not propose to express any opinion on the representation submitted by the Woollen Mills in India to your Board and referred to in paragraph 2 of the Director's letter dated the 20th December, 1934.

2. With regard to your letter No. 431, dated the 24th November, 1934, I am to forward herewith a copy of the statement (with six spare copies) showing the quantity and value of woollen goods purchased in India by the Superintendent, Government Printing and Stationery, on behalf of the Government of Bombay otherwise than through the agency of the Indian Stores Department, since 1927-28. The usual procedure adopted by the Superintendent, Government Printing and Stationery, in purchasing articles is to call for quotations and select the best available articles at a cheap rate. The main reasons for preference of imported goods in certain cases were the cheapness of price and the good quality of the material. Reports regarding the purchases of woollen goods made by the officers under the Police, Jails, Excise and Forest Departments direct, i.e., otherwise than through the Superintendent have been called for and the information will be supplied to you as soon as it is received from the officers concerned.

Enclosure.

No. I. C. 251-10292.

OFFICE OF THE DIRECTOR OF INDUSTRIES,  
OLD CUSTOM HOUSE;  
Bombay, 20th December, 1934.

From

The Director of Industries, Bombay,

To

The Secretary to Government,  
General Department,  
Bombay.

*Subject:—APPLICATION FOR PROTECTION BY THE WOOLLEN INDUSTRY.*

Sir,

I have the honour to refer to the letter from the Secretary, Tariff Board, No. 379, dated the 2nd November, 1934, and General Department Endorsement No. 238/33/D, dated the 12th November 1934, on the above subject and to reply as follows:—

2. *Paragraph 2 of the letter from the Secretary, Tariff Board.*—The woollen mills in Bombay with other woollen mills in India have forwarded a joint detailed representation to the Tariff Board. A copy of this representation is enclosed herein for the information of Government together with statistics of the Bombay woollen mills (Enclosure II).

It is considered that the competition from imported piecegoods has affected very adversely the organised mill industry. Out of five mills existing during 1927-28 in the Bombay Presidency only two are now working and these too are in a more or less precarious condition—vide statistics in

Enclosure II. It is, therefore, recommended that Government may kindly support the representation made by the organised mill industry for higher protective duties on imported woollen manufactures both pure wool and mixed wool and cotton. As regards duty on imported woollen yarns, it should, in the interests of woollen knitting factories, be kept as low as possible consistent with the interests of Woollen Industry as a whole.

3. I would suggest that the Tariff Board should also include in their enquiry the factory woollen knitting mills in Ahmedabad which employ several hundred operatives and have not been included by me in my Enclosure I, as I consider them to be too large to be under the category of small factories. The names of these factories are:—

The Gujarat Fine Knitting Mills.

The Barejadi Knitting Factory.

The Board will no doubt address these factories direct for statistical information and their views.

4. Regarding the information required by the Board covering the small woollen knitting and other factories and hand loom (cottage) industries in the Bombay Presidency, the detailed replies to the questionnaire are given in Enclosure I.

5. *Paragraph 3 of the letter from the Secretary, Tariff Board.*—It has not been possible to obtain the statistics or the information which the Board desire for the period of 5 years regarding the small power-driven factories in the Bombay Presidency as some of the factories were working very irregularly owing to the depressed condition of the market, while others were started only as recently as 1933.

Regarding the cottage industry, accurate statistics for the period of five years are not available as the workers are mostly illiterate and keep no accounts of purchases or sales. Statistics and prices given in Enclosure I covering the cottage industry may, however, be taken to be average for the five years, 1928-29 to 1933-34.

No pamphlets or reports have been published recently by the Bombay Government on the woollen industry. A monograph was published in 1899 by B. A. Brendon, I.C.S., on the woollen fabrics of the Presidency. The Government of India publications "Notes on wool in India" by A. H. Silver, C.I.E., and "The Handbook of Commercial Information for India" by C. W. E. Cotton, I.C.S., contain references to the woollen industry of the Bombay Presidency.

6. *Paragraph 4 of the letter from the Secretary, Tariff Board.*—With regard to the competition of imported woollen, etc., manufactures with the small scale factories, viz., the knitting factories, woollen pile carpet factories and the hand looms of the cottagers, there appears to be practically no competition with manufactured woollen goods from the United Kingdom and America. There is, however, severe competition from goods supplied both by the Continent of Europe and Japan in the cheaper mixed qualities of blankets, carpets and knitted goods, i.e., socks, stockings, pull-overs, cardigans and jackets, etc. It is difficult to give reliable statistics of the extent of the competition with respect to the small factories and the hand loom cottage industries which keep no accounts and are scattered over the Presidency. Enquiries made locally and in the Districts through the Weaving Assistants show that the competition of the cheap qualities of knitted ware and blankets made from shoddy wool (35 to 60 per cent. wool, the rest being cotton mixing) and attractively coloured has adversely affected both the output and prices of the Indian knitted manufactures and Indian kambhis. Following are the average prices which show the extent of this competition:—

*Woollen stockings—*

Size 9½", Indian manufacture, Rs. 9-12 per dozen.

Size 9½", Japanese manufacture, Rs. 9-4 per dozen.

*Pullover (Appearance similar, size 30")—*

Indian (all wool), Rs. 33 per dozen. .

Japanese (all wool), Rs. 30 per dozen.

Japanese (mixed), Rs. 22 per dozen.

English (wool), Rs. 47 per dozen.

*Imported (Italian) Cheap Blankets, 54"×84", 50 per cent. cotton, 50<sup>3</sup> per cent. wool, weight 2 lbs. 10 oz., As. 14 per lb. f.o.r. Bombay.**Kambli, 4'—6"×12'—0", weight 4 lbs. 8 oz., Re. 1 per lb.*

The imported blanket with its attractive designs against the simple designed Kambli works out as 12½ per cent. cheaper. The general public cannot usually discover the difference between a mixed (wool and cotton) blanket and a pure wool blanket, thus the advantage goes to the imported article which is more attractive and cheaper. Same is the case with the knitted goods.

7. The imported blankets and knitted goods made from mixed wool and cotton mentioned in paragraph 6 are classified under a lower tariff than pure wool goods. Competition from them, it appears, is increasing, as is evidenced by the Sea Borne Statistics under the head "Other Sorts". Imports of mixed goods have increased considerably in spite of the world wide depression in trade. A reference is invited to statistical graphs for Bombay Presidency attached. It may safely be assumed that increase in imports of mixed goods has taken place to a large extent at the expense of Indian pure woollen goods. It is, therefore, suggested that the duty on "Other Sorts" (mixed goods) may be enhanced to prevent their unfair competition with Indian pure woollen goods.

8. In order to help the existing woollen knitting factories to stand on their feet and be able to withstand competition it is requested that consideration may be given to the suggestion of allowing woollen yarns used by such factories to be imported at a duty as low as possible consistent with the interest of the Woollen Industry as a whole.

## Enclosure I.

*Answer to Questionnaire.*

## 1. (a) No. of knitting woollen factories . . .

Capital invested . . . . . 4,20,000

There are no power driven small wool weaving factories in this Presidency and Sind.

(b) There are several cottages which contain 2 or more wool weaving looms. The estimated capital invested as far as the cottage weaving and pile carpet manufacture is concerned may be taken to be as follows:—

*Bombay Presidency and Sind—**Carpet factories—*

No. of woollen pile carpet factories . . . . .	14	Rs.
Capital invested . . . . .		40,000

*Handloom weaving—*

		Rs.
Looms, capital invested . . . . .	3,50,000	
Charkas, capital invested . . . . .	1,20,000	
Bows, capital invested . . . . .	30,000	5,00,000
		<u>5,40,000</u>

	Persons.	Persons.
2. (a) Power Knitting factories . . . . .		410
(b) Cottage factories—		
Weavers . . . . .	7,100	
Spinners . . . . .	8,000	
Carders . . . . .	4,000	
Carpet weavers . . . . .	100	
		<hr/> 19,200
Total . . . . .		<hr/> 19,610

## 3. (a) Power factory workers—

	Rs. per month.
Skilled—	
Winders . . . . .	16 to 25
Machine knitters . . . . .	30 to 35
Hand knitters . . . . .	25 to 40
Sewing machinemen . . . . .	32
Unskilled . . . . .	10 to 12

## (b) Cottage workers—

Wool sorters, 6 pies per lb., earn about As. 2 to As. 3 per day.  
 Carders, As. 1-3 per lb., earn about As. 3 to As. 4 per day.  
 Spinners, As. 1-3 per lb., earn about As. 4 per day.  
 Weavers (handlooms and carpets), As. 3 to As. 8 per day.

## 4. Power Factories—

	Nos.
Knitting and other machines . . . . .	184
Cottage workers—	
Carding Bows . . . . .	4,000
Charkas . . . . .	8,000
Handlooms . . . . .	7,100
Carpet looms . . . . .	160

5. Power Industries (Knitting).—Socks—Stockings—Coats—Jackets—Pullovers—Mufflers—Cardigans, etc.

Cottage Industries.—Woollen yarn—Kambhis—Blankets—Shawls—Pile carpets, felt mats, etc.

6. Power Factories.—No knitting power factory consumes Raw wool, but consumes yarn made by the Indian Woollen mills from Indian, Persian and Iraqiian Raw wool upto 16 counts. Woollen yarns of finer counts are all imported.

Cottage Factories Handlooms.—Practically all Handloom cottage factories use indigenous local wool of a poor quality which varies in colour from black to brown and white.

Cottage Factories Pile Carpets.—Local wool is spun into yarn and is used in smaller quantity than the Mill spun wool yarn and imported yarn in the medium and better qualities of yarns.

7. (a) Yarn used by handloom weavers is practically all spun by hand. Carpet weavers also use hand spun yarn to some extent.

(b) Indian mill spun yarn is used by pile carpet weavers to a large extent and the knitting factories for coarse quality knitting upto 16s counts.

(c) Yarn of better grades and over 16s counts used by the knitting factories are imported from England, Continent and Japan.

8. (a) *Raw wool*—

	lbs.
Bombay Presidency . . . . .	33,60,000
Sind . . . . .	3,60,000
	<hr/>
Total . . . . .	37,20,000

(b) *Yarn (hand spun)*—

Cottage factories . . . . .	27,00,000
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(c) *Indian Mill and imported yarn*—

Power factories . . . . .	4,20,000
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NOTE.—It is not possible to give separate accurate figures of consumption, of Indian mill spun and imported yarn, by power factories. Information obtained from knitting factories shows that approximately 70 per cent. of the total yarn used by them is of Indian Mill manufacture and 30 per cent. is imported yarn.

9. *Raw wool lb., As. 2-9 to As. 3-6.*

Average prices per lb. of locally spun yarn 2 to 6 counts, As. 6 to As. 7.

*Indian mill yarn*—

12s counts, Rs. 1-6 per lb.

16s counts, Rs. 1-6-9 per lb.

*Imported*—

52s counts, Rs. 2-6 per lb.

72s counts, Rs. 3-3 per lb.

Mixed yarn, Rs. 1-6 to Rs. 1-8 per lb.

Indian woollen mills import raw wool directly from shippers in Persia, Iraq. They also buy from local merchants in India. For counts of 24s and over woollen tops are imported. Knitting factories purchase worsted yarn directly from Indian mills. They buy imported coarse worsted yarn from Shippers' Agents in Bombay and fine counts of imported yarn from Agents in Amritsar. Some factories also import directly from Japan.

Cottage workers obtain their raw wool in the Bombay Presidency from Dhangars and shepherds in the villages. In Sind some wool spinners have a number of their own sheep. Part of the yarn spun is woven into cloth in the wool weaving cottages and the surplus yarn is sold in the market.

10. *Some estimate of the total annual output of woollen goods under question 8 above*—

	lbs.
Woollen yarn . . . . .	28,00,000
Kambli, shawls, blankets, etc. . . . .	26,60,000
Woollen pile carpets and felt mats . . . . .	50,000
Woollen knitted goods . . . . .	4,00,000

11. Wool carding is done by means of the bow. Wool spinning is mostly done by means of the spinning wheel or Charka and to a small extent by the "Takli". Wool weaving is carried on through shuttle handlooms in the Bombay Presidency and Sind. Very little improvement has taken place over the old methods.

12. The average cost price and selling prices of some of the articles mentioned in (5) above are as under:—

	Bombay Presidency.	Sind.
	Rs. A. P.	Rs. A. P.
<i>Cost price—</i>		
(1) Yarn (woollen), per lb. . . . .	0 7 0	1 0 0
(2) "Khatta", per lb. . . . .	—	2 8 0
		excluding labour.
(3) Kambli, 3' x 5', weighing 1½ lbs. . . . .	0 12 0 to 2 0 0	—
(4) Blanket, per lb. . . . .	—	3 0 0
<i>Selling price—</i>		
(1) Yarn (woollen), per lb. . . . .	0 7 6	Not known
(2) "Khatta" per lb. . . . .	—	3 4 0 to 3 8 0
(3) Kambli, 3' x 5', weighing 1½ lbs. . . . .	0 13 0 to 0 14 0	—
(4) Blanket, per lb. . . . .	—	4 8 0 to 5 0 0
	<i>Cost price.</i>	<i>Selling price.</i>
	Rs. A. P.	Rs. A. P.
<i>Knitted goods—</i>		
Medium quality socks (doz.) . . . . .	4 14 0	5 1 0
Ladies stockings (doz.) . . . . .	8 4 0	9 0 0
Bicycle stockings (doz.) . . . . .	8 10 0	9 2 0
<i>Coats (doz.)—</i>		
Sizes 16" to 24" . . . . .	8 5 0	9 0 0
Sizes 26" to 34" . . . . .	29 8 0	32 0 0
<i>Jackets, Pullovers—Cardigans (doz.)—</i>		
Sizes 16" to 24" . . . . .	6 6 0	7 0 0
Sizes 26" to 34" . . . . .	30 4 0	33 0 0

The prices given above are average for that class of pure wool hosiery manufactured by the knitting factories of Bombay Presidency and Sind.

Samples of woollen yarn and cloth (Kambli) from Bhingar in the Ahmednagar District and of wool and yarn giving particulars of price of wool, wages, cost of yarn, weight and selling prices, etc., are attached hereto. Similarly a sample piece of blanket made in Hala in Sind giving the particulars of the cost price, wages is also enclosed.

The estimated total value of yarn, cloth and knitted goods produced per annum would be as follows:—

*Bombay Presidency and Sind—*

	Rs.
Yarn . . . . .	13,72,500
Cloth . . . . .	15,80,000
Knitted goods (at average price of Rs. 2-2 per lb.)	8,80,000
Total . . . . .	<u>38,32,500</u>

13. The wool weavers generally purchase yarn on their own account as unlike cotton weavers the wool weavers are in a position to meet their own requirements of wool for weaving. In a few cases loans are taken, the interest charged averages between 10 per cent. to 14 per cent.

The small knitting factories are generally private limited companies, which borrow capital at interest varying from 7 per cent. to 12 per cent. per annum.

14. The industry has not been assisted directly by Government by grant of loans, etc. But the wool weavers receive technical assistance namely by demonstrations of improved methods in wool spinning and weaving and by the organisation of co-operative Societies amongst them. The Department of Industries has a wool weaving demonstration in the Southern Division of the Presidency and in Sind which render all help to the local wool weavers.

15. The knitting factories sell directly to wholesale or retail dealers in the local markets of the Bombay Presidency, Sind, Punjab and Burma, etc. The marketing arrangements which exist at present for the disposal of the handloom products are as follows.

The wool weavers sell their products during the village weekly bazar days. The articles are also purchased directly by the local merchants. At times the wool weavers sell their articles to merchants in important centres of trade. The articles thus purchased by the merchants are sent to cities and towns where they generally fetch higher prices than obtained locally by wool weavers. Articles produced by handloom weavers in Sind are sold locally and also often find their way to such distant markets as Gujarat and Bikaner State.

16. There is an appreciable number of small factories manufacturing knitted ware and woollen pile carpets in the Bombay Presidency. These factories use imported yarn of finer counts for manufacture of hosiery articles and are likely to be adversely affected by an increase in the duty on woollen or worsted yarns unless same is counterbalanced by higher duty on imported finished knitted articles. There is also the possibility of the imported *mixed* cheap qualities of blankets and carpets and knitted goods (cotton and woollen mixture) affecting adversely the Handloom, carpet weavers and the Hosiery Trades. Duty on these also will need to be raised.

The bulk of the blanket imports come from Italy and almost entirely consist of travelling rugs made of shoddy material. Owing to the cheapness of the imported rugs, the indigenous manufacturers do not command any sale and have to be sold off at sacrificial prices.

निर्यात वृद्धि

## Enclosure II.

Name of Mill.	Year.	No. of looms.	No. of Spindles.	No. of persons employed.	Annual production.		Description of goods produced.	Remarks.
					Quantity.	Value.		
Bombay Woollen Manufacturing Co., Ltd., Mahim, Bombay; Mahim Dadar, Bombay.	1928	165	9,572	209	lbs. 10,50,000	Rs. 18,00,000	Woollen blankets, woollen and worsted piece goods.	
	1929	"	"	480	1,92,987 Woollen goods.	1,92,987	....	
	1930	"	"		11,700 Worsted goods.	23,400	Woollen blankets, woollen and worsted piece goods.	
	1931	"	"	"	"	"	....	Mill closed.
	1932	"	"	"	"	"	....	Mill closed.
Elphinstone Woollen Mills.	1933	"	"	"	"	"	....	Mill closed.
	1928 to 1933		Private concern.		"	"	....	Mill closed.
The Indian Woollen Mills, Haines Road, Bombay (amalgamated with Sir Shapurji Bharucha Mills).	1928	119	7,020	375	6,49,813	10,50,000	Woollen worsted and hosiery goods.	
	1929	"	"	725	9,60,770	20,38,440	Ditto.	
	1930	120	"	374	3,04,767	10,09,534	Ditto.	
	1931	"	"	540	10,02,552	12,13,850	Woollen and worsted goods.	
	1932	"	"	704	9,61,683	15,80,970	Woollen worsted cotton and hosiery goods.	
1933	"	"	"	619	7,67,295	14,10,402	Ditto.	



1922	84	4,480	170	32,131	64,222	Worsted yarn, lohis and sergea.
Dharamai Momaji Woollen Mills, Ambernath.				Yarn. 32,579	97,737	
				Cloth.		
1929	The mill went into liquidation on 24th February 1928.					Mill closed.
1930 to 1933	..	..	..	..	..	....
1928	195	17,300	812	28,980	48,602	Yarn woollen.
The Raymond Woollen Mills, Panch Pakhdi, Thana.						
		2,890		3,26,330	7,18,946	Yarn worsted.
		Woollen.		8,16,858	9,35,983	Cloth woollen.
		10,400				
		Worsted.		2,23,976	7,50,086	Cloth worsted.
		4,020				
		Doubling.				
1929	196	17,300	809	30,93,000	30,93,000	Yarn.
				21,46,800	21,46,800	Cloth.
		13,280				
		Woollen and worsted.				
		4,020				
		Doubling.				
1936	196	17,300	822	1,67,010	5,01,031	Worsted cloth.
				2,04,509	8,19,546	Woollen cloth.
		13,280		4,46,720	8,93,440	Worsted yarn.
		Woollen and worsted.		3,68,236	3,68,236	Woollen yarn.
		4,020				
		Doubling.				
						The figures include particulars of Raymond Woollen Mills, Thana and the David Sassoon Mill, Parel where it is worked as Raymond Woollen Mill No. 2.
						Lohis, Rumals, Serges, Rugs, and blankets.

Name of Mill.	Year.	No. of looms.	No. of Spindles.	No. of persons employed.	Annual production.		Description of goods produced.	Remarks.
					Quantity.	Value.		
The Raymond Woollen Mills— <i>contd.</i>	1931	194	13,250	*536	lbs.	Rs.	Yarn. Rugs and blankets.	* This No. is made up of 447 operatives at Thana and 39 at the branch of the Raymond Woollen Mill at the David Mill, Bombay.
					3,06,500 4,45,000	5,51,723 4,45,586		
	1932	195	*13,280	†500	1,24,331 1,14,689 43,970 6,13,262	1,86,496 2,86,473 32,978 9,19,893	Woollen cloth. Worsted cloth. Woollen yarn. Worsted yarn.	* Exclusive of doubling spindles. † This No. is made up of 270 operatives at Thana and 230 operatives at the Branch of the Mill at the David Sassoon Mill, Bombay.
					2,61,432 1,98,689 13,641 3,28,308	2,42,178 4,96,722 10,230 4,84,212	Woollen cloth. Worsted cloth. Woollen yarn. Worsted yarn.	* Includes Doubling spindles. † This No. is made up of 425 operatives at Thana and of 110 at the branch of the Mill at the David Sassoon Mill at Bombay.
	1933	195	*17,478	†535				

*Samples of raw wool.*

	Rate per lb.
	As. P.
White . . . . .	3 0
Black . . . . .	3 0
Brown-Black (Mixed) . . . . .	2 9

*Samples of spun wool on Charka or Takli.*

	Rate per lb.
	As. P.
White . . . . .	6 3
Black . . . . .	6 3
Mixed Wool . . . . .	6 0

*Rates showing details of Blankets.*

Sample.	Size of blanket.	Weight of blanket.	Prices during year.	Cost price.	Selling price.	Wages or profit per blanket.
	leng. wid.	lbs. tolas.		Rs. A.	Rs. A.	As.
A. White Kambli	3 yds. 42" & 20"	3 0	1928 A	2 4	2 8	4
		2 30	B	1 12	2 0	4
		2 20	C	1 4	1 8	4
		3 0	1929 A	2 4	2 8	4
		2 30	B	1 12	2 0	4
		3 0	C	1 4	1 8	4
		2 20				
		3 0	1930 A	2 7	2 12	5
		2 30	B	1 13	2 2	5
		2 20	C	1 5	1 10	5
B. Black Kambli	3 yds. 42" & 20"	3 30	1931 A	2 6	2 10	4
		3 0	B	1 10	1 14	4
		2 30	C	1 6	1 10	4
		2 20				
		3 0	1932 A	1 8	1 12	4
		2 30	B	1 8	1 12	4
		2 20	C	1 4	1 8	4
		Kambli weight reduced in 1933.	1933 A	1 2	1 6	4
			B	1 0	1 4	4
			C	0 15	1 2	3
C. Black & Brown Kambli.	3 yds. 30" & 8" Kambli weight reduced in 1934.	2 20	1934 A	1 0	1 4	4
		2 30	B	1 0	1 4	4
		2 10	C	0 15	1 2	3
		2 0				

Size or measurement of Kambli is the same for all years.

*Samples of woollen cloth from Rhingar, District Ahmednagar.*

Sample cloth.	Width.	Length.	Weight.	Cost price.	Selling price.	Wages.	Remarks.
			lbs. tolas.	Rs. A. P.	Rs. A. P.	Rs. A. P.	
Kambli.	3'	5'	1 20	0 10 8	0 12 6	0 1 6 to 0 2 0	4 pieces are woven per day.
Kambli.	4' 6"	12'	4 20	2 0 0	4 8 0	2 8 0	It takes 4 days to prepare 1 Kambli.

*Sample of woollen Blanket from Balla, Sind.*

Blanket	64"	108"	lbs. oz.	5 13 4	6 0 0	0 9 4
			3 8			

(3) Letter No. I. C. 251-3020, dated the 18th April, 1935, from the Director of Industries, Bombay.

**Subject:—TARIFF BOARD ENQUIRY INTO THE CLAIM FOR PROTECTION TO THE INDIAN WOOLLEN INDUSTRY.**

In connection with the representation submitted to the Board with my letter No. I. C. 251/10292, dated the 20th December, 1934, regarding the above matter, I have the honour to give in the Enclosure A hereto attached my replies to certain points raised during my oral evidence before the Board on the 12th March, 1935.

**Enclosure A.**

*Paragraph 5, covering letter No. I. C. 251/10292, dated the 20th December, 1934, opening paragraph.*—Question asked "How many power-driven factories were started in 1933?"

*Answer.*—Two hosiery factories were started in Sind in 1933. The Swadeshi Hosiery Mill was started in Sukkur on or about 15th January, 1933, and the Shivaldas Knitting Mills started working in Shikarpur, Sind, from 16th March, 1933.

*Paragraph 6, under "Pullovers".*—Question asked "(1) Are these Bombay wholesale or retail prices?"

*Answer.*—The prices given are wholesale Bombay prices.

*Question, under "Pullovers", Japanese (mixed).*—"Do they include both wool and cotton?"

*Answer.*—The prices mentioned are for mixtures, woollen and cotton of Japanese goods.

*Question, under "Pullovers".*—"Do Indian mills make mixtures? Do the mixtures compete more successfully than the pure wool with imported stuff?"

*Answer.*—As far as information is available the knitting factories do not make mixtures. Mixtures (imported) do compete more successfully than pure woollen (imported) with Indian knitted goods.

*Enclosure I, Question 9, under "Indian mill yarn".*—"Are these Bombay mill prices?"

*Answer.*—The prices given are of Bombay woollen mill yarn.

*Question 2.*—"What is mixed yarn?"

*Answer.*—By mixed yarn is meant cotton and wool mixture in proportion of 35 to 60 per cent. woollen and 65 to 40 per cent. cotton.

*Question 9, under "Imported Yarn".*—"Are the prices of Japanese or Polish yarn?"

*Answer.*—Poland does not supply mixtures but the highest grade of woollen yarn. Mixed yarn is generally imported from Japan. The prices stated are for Japanese mixed yarn.

*Enclosure 1, Question 9.*—"Is mixed yarn largely used by knitting factories?"

*Answer.*—No. This is practically very little used in knitting factories.

*Question 12.—Cost price and selling prices.*—Cost of raw materials, i.e., yarn, wages, interest, selling charges and other charges and weight of yarn turned out by a charkha 4s and 6s per day of 8 hours.

*Answer.*—The cost of wool is 3 annas per lb. and spinning wages from 3 annas to 4 annas per lb. for 8 hours working. The produce on working for 3 hours would be:—

	Hand- Charkha.		Improved Treadle Charkha.	
	Lb.	Tolas.	Lb.	Tolas.
4½s . . . . .	1	0	1	30
6s . . . . .	0	20	0	35

The cost of a kambli 42" × 104" would be:—

	Rs.	A.	P.
Woollen yarn 3½ lbs. at As. 6 per lb.	1	5	0
Wages of warping, sizing, etc.	0	1	6
Weaving wages	0	2	6
	1	9	0

Sold at Rs. 1-12.

Cost of a kambli 48" × 104":—

4½ lbs. woollen yarn at As. 6 per lb.	1	11	0
Wages of warping, sizing, etc.	0	2	0
Wages of weaving	0	4	0
	2	1	0

Sold at Rs. 2-6.

Cost of a rug woven on a fly shuttle loom, 54" × 84":—

4½ lbs. woollen yarn at As. 7 per lb.	1	15	6
Wages of warping and sizing	0	3	0
Weaving wages	0	5	0
Dyeing charges	0	6	0
Milling charges	0	2	6
	3	0	0

Sold at Rs. 3-6.

*Enclosure 1, Question 12.—Estimated production in value—under "Bombay Presidency and Sind".*—Are these cost prices? Separate figures for Bombay Presidency and Sind.

*Answer.*—Yes, the prices given are cost prices based on weaving Assistants' figures. The figures for Bombay Presidency and Sind separately are as follows:—

	Rs.
<b>Bombay Presidency—</b>	
Yarn . . . . .	11,02,500
Cloth . . . . .	12,80,000
<b>Sind—</b>	
Yarn . . . . .	2,70,000
Cloth . . . . .	3,20,000

*Statement of samples of woollen cloth from Bhingar, District Ahmednagar.*  
 “Why the disparity in weight of kambli 3' x 5' and 4'—6" x 12'?”

*Answer.*—The small size kambli 3' x 5' is utilised as a mat in villages like a cotton durry or carpet used in towns. When the kambli is woven and removed from the loom, extra size prepared from tamarind seeds from 4 ozs. to 5 ozs. is sprinkled and brushed over it well. The kambli is afterwards dried in the sun. It then becomes stiff and used as a mat. The weight of the kambli is increased by brushing more size on it. The bigger size kambli 4'—6" x 12" is used like a blanket during winter. No extra size is used when it is woven. Hence its weight is less.

#### *Information on other points required.*

1. *Classes of rugs and the trade names of imported as well as Indian rugs which compete with kambli with their prices.*—A statement showing the trade names of imported rugs as well as rugs and blankets of Indian mill manufacture which compete with kambli woven in villages is attached to this as Enclosure I.

2. *The consumption of Indian and foreign woollen yarns as well as production of woollen hosiery goods during 5 years from 1930 to 1934 by the Fine Knitting Co., Ltd., Ahmedabad, as supplied by them is attached hereto, as Enclosure II.*

3. *Employment of hosiery factories on Government work.*—The hosiery factories generally are not employed and do not supply articles for Government use. The Shivaldas Knitting Mills, Shikarpur, Sind, have reported that their mills can prepare the articles required for the use of Government Departments.

4. *Complaints by mills regarding Indian woollen yarn.*—The fine Knitting Co., Ltd., Ahmedabad, has reported that except in manufacturing rough sweaters, the Indian woollen yarns are of very little use in hosiery making. Besides sweaters made are so rough that they had to sell them at a loss and from their own experience they can definitely say that Indian woollen yarns are at present of no use for manufacturing hosiery articles. They are of the opinion that any increase in the customs duty on woollen yarns will greatly endanger the existence of the hosiery industry.

The Swadeshi Hosiery Mills, Sukkur, state that foreign woollen yarn is even and softer than Indian yarn. The Shivaldas Knitting Mills state that they do feel trouble in using Indian mill made woollen yarn. It is not so soft as the foreign yarn and also it gives trouble such as breakages, etc. A representative of the Borivli Hosiery Factory states that the woollen mills in Bombay and India manufacture woollen yarn up to 32s counts which besides being dearer than imported yarn is not quite suitable for knitting machines.

## Enclosure I.

*Statement showing the trade names of imported rugs as well as rugs and blankets of Indian mill manufacture which compete with kambhis woven in villages*

Rug imported or manufactured in Indian mills.	Description and trade mark.	Width and length.	Price.
			Rs. A. P.
Italian rug imported . . .	Madras rug . . . . .	54" × 84"	3 0 0
Ditto . . . . .	Tiger brand No. 620 (Bengal rug)	54" × 84"	4 4 0
Ditto . . . . .	Superior travelling rug (Sulochana trade mark).	52" × 92"	4 6 0
Ditto . . . . .	Double colour Tiger brand (Bengal rug).	54" × 84"	5 10 0
Ditto . . . . .	Cow brand, double colour . . .	54" × 92"	4 10 0
Ditto . . . . .	Ditto . . . . .	60" × 90"	5 8 0
Ditto . . . . .	Madhuri, single colour . . .	54" × 92"	2 14 0
Ditto . . . . .	Scotch mand . . . . .	64" × 94"	10 0 0
Ditto . . . . .	Horse brand, cotton and wool . .	60" × 100"	7 8 0
Ditto . . . . .	Babuji brand . . . . .	60" × 100"	7 8 0
Ditto . . . . .	Rama brand . . . . .	60" × 100"	7 4 0
Ditto . . . . .	Flag brand . . . . .	60" × 100"	6 12 0
Japanese rug imported . . .	Japanese rug, No. 1001 . . .	54" × 88"	2 10 0
Ditto . . . . .	Japanese rug, No. 900 . . .	54" × 88"	3 0 0
Rug of Indian mill manufacture:—			
E. D. Sasson & Co., Bombay .	Blanket, No. 3, Bird Brand . . .	4' × 7'	2 4 0
Ditto . . . . .	Blanket, No. 318, Bird Brand . .	4' × 7'	2 12 0
Ditto . . . . .	Blanket, No. 320, Bird Brand . .	4' × 7'	3 0 0
Cawnpore Woollen Mills . . .	Blanket, No. 318 . . . . .	4' × 7'	2 14 0
Ditto . . . . .	Blanket, No. 1, Agni Brand . . .	4½' × 9'	5 8 0
Indian Woollen Mills, Bombay	Rug, "Mahatma Gandhi" trade mark with Vande Mataram letters, No. 1153.	54" × 84"	3 4 0
Raymond Woollen Mills . . .	Blanket, coloured . . . . .	46" × 84"	2 2 0
Kaisar Hind Woollen Cotton and Silk Mills, Bangalore.	Blanket, "Gold Medals" trade Mark.	54" × 84"	2 8 0
Maharani Woollen Mill, Baroda	Bushire . . . . .	54" × 84"	5 8 0
Bombay Woollen Mill . . . .	Trade mark notknown . . . . .	60" × 100"	9 4 0
Bangalore Woollen Mill . . .	Sheep Brand . . . . .	55" × 84"	2 10 0
Dharival . . . . .	Camel Brand . . . . .	60" × 100"	12 8 0
Ditto . . . . .	No Brand . . . . .	56" × 90"	3 0 0

## Enclosure II.

(1) Indian and foreign woollen yarns used in the mills of the Fine Knitting Company, Limited, in 5 years from 1930 to 1934.

Years.	Years.				Total.
	Indian.	French.	English.	Japanese.	
	Lbs.	Lbs.	Lbs.	Lbs.	Lbs.
1930 . . . . .	..	65,098	..	..	65,098
1931 . . . . .	2,213	90,369	..	..	92,482
1932 . . . . .	31,991	59,991	..	..	91,982
1933 . . . . .	..	15,877	9,283	3,600	28,740
1934 . . . . .	10,030	9,823	409	17,203	37,465

## (2) Woollen Hosiery goods produced in about five years in dozens.

	1930.		1931.		1932.		1933.		1934.	
	Pure Wool.	Mixed Woollen.	Pure Wool.	Mixed Woollen.	Pure Wool.	Mixed Woollen.	Pure Wool.	Mixed Woollen.	Pure Wool.	Mixed Woollen.
Costs . . . . .	498	5,526	1,220	6,646	1,280	9,500	565	5,626	1,071	9,000
Pullovers . . . . .	129	560	250	1,494	639	1,250	259	509	623	1,325
Sweaters . . . . .	1,600	100	1,418	10	1,243	708	567	66	663	160
Underwears . . . . .	45	1,200	25	1,073	86	2,274	..	818	203	400
Jerseys . . . . .	..	8,687	..	12,200	..	16,420	..	5,097	..	4,074
Socks . . . . .	25	..	391	..	920	..	82	..	105	..
Caps . . . . .	..	..	444	..	562	280	147	170	..	..
Mulbers . . . . .	125	500	479	150	418	350	6	..	280	522
TOTAL . . . . .	2,423	14,513	4,227	21,673	5,098	30,732	1,615	12,286	2,947	15,481



### Government of Burma.

*Letter No. 396-O, dated the 20th December, 1934.*

With reference to the correspondence resting with your letter No. 387, dated the 5th November, 1934, I am directed to say that there is practically speaking, no woollen industry in Burma and that no attempts have been made to improve the quality of local wool as the matter is not considered of sufficient importance to justify the expenditure of any funds upon it.

### Government of Bengal.

*(1) Letter No. 6457, dated the 22nd December, 1934.*

With reference to your letter No. 387, dated the 5th November, 1934, I am directed to say that the Agriculture Department of this Government has not been able to pay attention to the improvement of the quality of local wool.

*(2) Letter No. 378, dated the 14th January, 1935, from the Government of Bengal.*

*Subject :—APPLICATION FOR PROTECTION BY THE WOOLLEN INDUSTRY.*

With reference to your letter No. 379, dated the 2nd November, 1934, to the address of the Chief Secretary to the Government, I am directed to forward herewith, for the information of the Board, a copy of letter No. 19905, dated the 4th January, 1935, from the Director of Industries, Bengal, furnishing such information as is available as regards the present position of the cottage woollen industry in this province together with replies to the questionnaire. Further enquiries are being made into the points raised in items (1) and (2) of the questionnaire.

2. For the reasons explained in paragraph 4 of the Director of Industries' letter it is not possible to furnish the statistics asked for in paragraph 3 of your letter. As regards paragraph 4, I am to say that it is apparent from the reports of District Magistrate as well as of hosiery manufacturers that the woollen industry in this province has been adversely affected by competition from mill-made articles, both imported articles and those produced in the woollen mills in the United Provinces and other places in India. It is, however, not possible to give any detailed statistical information on this head.

A copy of the note regarding the Wool Industry and Middle Class unemployment published by the Industries Department is sent herewith.

Enclosure.

*Copy of letter No. 19905-G, dated the 4th January, 1935, from the Director of Industries, Bengal, to the Secretary to the Government of Bengal, Agriculture and Industries Department, Calcutta.*

*Subject :—PROTECTION TO WOOLLEN INDUSTRY.*

With reference to your Memo. No. 5879, dated the 21st November, 1934, asking for a report on the cottage woollen industry in this province with special reference to the points mentioned in the questionnaire issued by the Tariff Board on the above subject, I have the honour to state as follows:—

2. Though the people of Bengal consume a considerable quantity of woollen goods in the form of shawls and wrappers, blankets and hosiery goods, etc., estimated to be worth about three crores of rupees per annum, the

Province of Bengal has never been a wool producing or wool weaving centre of any importance. The industry has not been adopted by the cast weavers who specialise in cotton and silk weaving, possibly due to non-availability of suitable raw materials locally. All Bengal requirements in this line therefore have been met by importation from other provinces or foreign countries. The present position of the industry, so far as it is pursued on a cottage industry basis, covers three distinct spheres of activities, viz.:-

- (a) Spinning of yarn from the wool available in the country and weaving of coarse blankets and *ashans* therefrom;
- (b) Weaving of fine woollen fabrics such as, shawls, wrappers, shirtings, etc., from indigenous or imported mill spun yarns; and
- (c) Manufacture of hosiery or knitted goods such as sweater, under-wears, socks, hose, stockings, scarves, woollen head gear, etc.

3. Blanket weaving from the wool available in the country is mostly confined to a limited number of *Bheriwala* families, who migrated from up-country and settled in some of the districts in this province some long time ago. It is a part-time or subsidiary occupation along with agriculture or poultry raising, and so much of the wool as is available from the sheep reared by the villagers is spun and woven into coarse blankets with crude appliances. The whole family members, including women and children, take part in the industry. The products are sold at the local *hats* or market places. The industry is now spreading among other communities and where the wool is not obtainable from the sheep reared, the industry is carried on with the wool purchased from the *Bheriwalas* or imported from other places such as Calcutta, Bhagalpur, Cawnpur, etc. The work is carried on by illiterate villagers who cannot furnish any reliable statistics regarding consumption of wools or woollen yarns, as also finished products made by them.

4. The Department of Industries, Bengal, has during the last 3 or 4 years, provided facilities for training in fine wool weaving such as shawls and wrappers through the weaving schools at Dacca, Pabna, Alamdanga as well as through the weaving demonstration parties. A batch of educated young men has just started wool weaving establishments of their own in different centres. They generally use imported or Indian mill spun yarn. It appears that this branch of industry is gaining in popularity among the educated middle class people. As however the industry is still in a nebulous state it is not possible to collect any reliable statistics relating to consumption of raw materials and finished products turned out by these small establishments which have just started the work. The Department has drawn public attention to the possibilities of this industry and eight copies of the Department pamphlet on this subject are enclosed herewith.

5. The hosiery industry in this province is a well established and organised factory industry of considerable importance. Most of the factories are equipped with up-to-date power driven machinery and run on factory lines. As a cottage or home industry its scope is limited to the use of hand operated machines. Due to the activities of the Mission Industrial Schools and the Saroj Nalini Industrial School the number of such machines which have been introduced among the housewives and girls of many educated families of Calcutta and important towns and villages in the province has increased greatly in recent years. It is believed that a considerable quantity of woollen yarn, mostly imported, is consumed in the manufacture of knitted fabrics such as scarves, sweaters, caps, socks, etc., as a spare time occupation—the products are however not sold in the market but are used by the members of the family. There is however no means of ascertaining the amount of woollen yarn, both country and foreign, used in this connection. From what has been stated above it will appear that there is no means of obtaining reliable statistical information relating to wool or woollen yarn consumed and productions made on cottage industry lines, as also the number of persons engaged and amount of capital invested. The scope of this report

has therefore been confined to the supply of general information relating to the industry as per note enclosed.

*Note by the Department of Industries, Bengal, on the questions and points mentioned in letter No. 379, dated the 2nd November, 1934, of the Secretary, Tariff Board, to the Chief Secretary to the Government of Bengal, in connection with the enquiry relating to the protection to the woollen industry.*

(N.B.—This note covers the cottage woollen industry of the Province only.)

#### ANSWERS TO QUESTIONNAIRE.

1. & 2. *Number of handloom establishments, estimate of capital invested and number of persons employed, in them.*—For the reasons explained in the letter no authentic information can be supplied.

3. *The average wages paid.*—The work is generally carried on by the members of the family, so no question of wages arises. In establishments where hired labour is employed, wages have to be paid at varying rates from As. 2 to As. 8 per day, according to the nature and quality of work.

4. *Number of charkas, looms or knitting machines.*—For reasons explained in the letter no authentic information can be furnished.

5. *What articles are produced (i.e., whether yarn blankets, shawls, hosiery and knitted goods, etc.)?*—Blankets and ashans by illiterate cottage workers. Shawls and wrappers by the students trained by the Industries Department. Stockings, pullovers, sweaters and other knitted goods by the ladies and other workers who have started the work with hand-driven auto-knitting machines, of whom the Department has no sufficient information.

6. *The kinds and qualities of wool used, both indigenous and imported.*—Wool available from the sheep the villagers rear, as also purchased from Cawnpur, Bhagalpur, Calcutta, etc., is used in the manufacture of coarse blankets and ashans. Mill spun hosiery and woollen yarn of good quality is used in the manufacture of hosiery goods and fine wrappers.

7. *Whether the yarn (a) is spun locally by hand or (b) is Indian mill spun yarn or (c) imported.*—The yarn for blankets and ashans is generally spun by hand while for other purposes, viz., hosiery and fine wool weaving, imported or Indian mill spun yarn is used.

8. *Some estimate of the amounts of raw wool and yarns consumed under the headings 6 and 7 (a), (b) and (c).*—No reasonable or reliable basis on which an estimate can be framed is known to us.

9. *The average price per pound paid for the wool and the wool or worsted yarns, of the counts used. What is the system followed in the purchase of raw materials?*—Raw wool for blanket weaving is generally obtained from the sheep the villagers rear. Sometimes one or two pice is paid for the wool obtained from a sheep. When wool is purchased from the market, prices vary from 3 to 10 annas per pound according to the quality of the wool and the demand at different places where they are sold. Generally 5s is used for blankets and ashans. The average price of Indian mill-spun yarn is Rs. 2 per pound while that of imported yarn varies from Rs. 2-12 to Rs. 4 per pound according to the counts of the yarn which is generally 2/78s and 1/64s. The raw materials is generally purchased cash.

10. *Some estimate of the total annual output in pounds of the woollen goods under the headings referred to in (5) above.*—It is not possible to furnish reliable figures relating to the total output.

11. *What is the system of carding, spinning and weaving generally followed?*—In the blanket weaving industry the wool is first beaten with a rod to remove the dust. It is then washed in a pool of water in a basket and spread out to dry in the Sun. It is then picked and sorted according

to thickness and colour and the spinning is done with charkas. The yarn is wound round a sort of drum and arranged lengthwise in the loom. A portion is used in the shuttle and then woven in the ordinary way. Generally the pieces are woven of 6' x 1½' size and they are then joined together by hand. Two or three such pieces form a complete blanket. The entire piece is then well soaked in water and knoaded and trampled under the feet to complete the felting process. It is then washed again and rolled in a barrel and spread out in the Sun to dry. Carding of wool is generally done by bamboo bowstring with a striker.

12. *The average cost price and the selling price of articles.*—Average cost price of a blanket of about 4 lbs. in weight is Rs. 3 and the selling price is Rs. 4-8. Average cost price of wrappers, etc., is Rs. 5 per lb. and the selling price Rs. 6 per lb.

13. *How is cottage and small scale factory industry in general financed and what rate of interest is commonly paid on loans?*—The industry is generally financed by loans taken from money lenders at a rate of interest of about 15 per cent. per annum. The *Dadon* system is also in vogue in some places.

14. *Has the industry been assisted by Government by the grant of loans or in any other way?*—No Government loan has been given yet. The Department of Industries has however arranged to introduce fine wool weaving on improved methods through the weaving schools and demonstration parties using fly shuttle looms and jacquard attachment.

15. *What are the marketing arrangements for the disposal of the articles produced?*—There is no effective organization for selling the products of the cottage workers. The products are generally sold in the local markets at cash price and also by hawking.

16. *Are there any other industries which are likely to be affected by a protective duty on woollen or worsted yarns or other woollen manufactures?*—It does not appear that any other industries are likely to be affected by a protective duty. There are two Mission Industrial School organisations making woollen carpets of good quality on a small scale but as they enjoy a favourable market sheltered from the full blast of competition it is not likely that they will be adversely affected.

(3) Letter No. 949, dated the 16th February, 1935, from the Government of Bengal.

In continuation of this Department letter No. 378, dated the 14th January, 1935, I am directed to forward herewith two statements furnishing further information on the lines required in your letter of the 2nd November, 1934, in respect of the Dacca Central Jail Factory. There are 5 hosiery factories in Bengal registered under the Indian Factories Act as noted below and the Director of Industries, Bengal, has invited these factories to supply the Tariff Board direct with the particulars asked for in the questionnaire received by him with your letter No. 13, dated the 19th January, 1935. The information regarding the number of persons employed in each of these factories is shown below:—

Name of factory.	No. of persons employed.
1. N. Bose's Belliaghata Factory, No. 1, Canal East Bye Lane, Belliaghata . . . . .	56
2. Kapoor Hosiery Factory, Limited, No. 8, South Sinthi Road, Cossipore . . . . .	72
3. Pabna Silpa Sanjibani Company's Works, Pabna . . . . .	167
4. The Parjoar Hosiery, Limited, No. 24-25, Benares Road, Salkia, Howrah . . . . .	216
5. Jagadish Hosiery Factory, No. 13, Watkins Lane, Howrah . . . . .	19

Enclosure.

## STATEMENT I.

## BLANKET FACTORY OF THE DACCA CENTRAL JAIL.

Answer to questionnaire in paragraph 2 of Tariff Board's letter No. 379, dated the 2nd November, 1934.

1. (a) Using Power, Capital invested—Vide Statement II.
2. (a) 150, approximately.
3. (a) Convict labour.
4. (a) Two Carding Machines—Two Spinning Mules (576 spindles, 16 looms).
5. Blankets and Yarn.
6. All indigenous, Black, Mixed white coarse and medium qualities.
7. (b) Mill spun.
8. (b) Raw wool approximately 2,200 maunds per year.
9. Average price of wool per maund—

1928.	1929.	1930.	1931.	1932.	1933.	1934.
Rs. 32-2	Rs. 33-9	Rs. 31-3	Rs. 22-0	No purchase.	Rs. 18-9	Rs. 22-2

The above rates are f.o.r. local station.

Purchases are made by tender. No yarns are bought.

## 10. Blankets—

1928	1929.	1930.	1931.	1932.	1933.	1934.
118,287	131,701	141,869	102,372 & yarn 14,000	49,034 & yarn 18,082	92,830 & yarn 17,000	130,800 & yarn 12,000

## 11. Does not apply.

1928.	1929.	1930.	1931.	1932.	1933.	1934.
A.C. M.V.	A.C. M.V.	A.C. M.V.	A.C. M.V.	A.C. M.V.	A.C. M.V.	A.C. M.V.
As. P. Re.	As. P. Re.	As. P. Re.	As. P. Re.	As. P. Re.	As. P. Re.	As. P. Re.
14 6 1 14 6 1 12 6 14 6 11 12 10 9 12 8 9 10 3 8 6 10 2						

## 13. No remarks. This is a Government factory.

## 14. No remarks.

## 15. Chiefly Government Departments and Depot in Calcutta.

## 16. No remarks—so far as this factory is concerned.

## STATEMENT II.

## APPROXIMATE PRICE OF MACHINERY OF THE DACCA CENTRAL JAIL BLANKET FACTORY.

Year.	Amount. Rs.	Year.	Amount. Rs.
1928	19,700	1931	1,17,900
1929	25,500	1932	1,14,800
1930	1,06,600	1933	1,13,400
			2 2

## Government of the Punjab.

(1) *Letter No. 91-I. & L., dated the 2nd January, 1935.*

**Subject:—APPLICATION FOR PROTECTION BY THE WOOLLEN INDUSTRY.**

With reference to your letter No. 379, dated the 2nd November, 1934, on the subject noted above, I am directed to forward herewith a copy of a letter No. 16028, dated the 22nd December, 1934, from the Director of Industries, Punjab, together with a copy of its enclosures with seven spare copies giving the required information.

Enclosure.

Department of Industries, Punjab,  
No. 16028, dated Lahore, the 22nd December, 1934.

From

The Director of Industries,  
Punjab,

To

The Secretary to Government, Punjab,  
Electricity and Industries Department,  
Lahore.

**Subject:—APPLICATION FOR PROTECTION BY THE WOOLLEN INDUSTRY.**

With reference to Punjab Government endorsement No. 31596-E. & I., dated the 14th November, 1934, forwarding a copy of a letter No. 379, dated the 2nd November, 1934, from the Secretary, Tariff Board, Bombay, on the subject noted above, I have the honour to attach herewith a note containing information on the questions raised in paragraph 2 thereof in respect of small factory and cottage woollen industry of the province. It has not been possible in the short space of time allowed for the conduct of the enquiry to collect exhaustive information in respect of all the wool spinning, weaving and knitting centres as some of them are located in out of the way rural areas. Accordingly the enquiry had necessarily to be restricted to the more important centres; but it is believed that the replies given to the questions would give a correct idea of the present state of the industry. It has also not been possible to obtain much reliable information—statistical or descriptive—for the past years since 1928 as desired in paragraph 3 of the letter from the Secretary, Tariff Board, as the cottage industry is entirely in the hands of illiterate persons who maintain no accounts and cannot intelligently understand or reply to the questions put to them. The small factory owners likewise hardly ever retain old accounts and are generally averse to giving any statistical information on the plea of trade secret. Figures in respect of the number of looms, knitting machines, quantity and value of production, etc., where available, have been given since 1928 in the note attached.

2. A detailed survey of the wool spinning and weaving industry of the Punjab was conducted in the year 1926 by the Textile Inspector of the Department, the results of which have been published in his monograph entitled "The Textile Industry in the Punjab", a copy of which is enclosed herewith. No other pamphlet or report on the subject has been printed by the Department in recent years.

3. Detailed accounts of the wool industry of the Punjab in the years 1911 and 1917 are contained in Chapter V of the "Industrial Punjab" by Latifi and Section V of "Punjab Industries, 1911-1917" by Badenoch, which may be read along with the present note for a comparative study of the industry. A copy each of these publications is enclosed.

4. In regard to competition of foreign imports, it may be said that definite statistical data concerning the imports of foreign woollen piecegoods and hosiery in the province is not available as these statistics are not printed anywhere. In the absence of this data, I give below my own

observations based on the periodical reports received by me from my field staff.

5. The extent of foreign competition in the various qualities of woollen piecegoods, blankets, etc., and the volume of business conducted by the competing countries and Indian made stuff is shown in the statement given below:—

Name of Country.	PROPORTION OF BUSINESS CONDUCTED.			
	Worsted goods and materials of finer counts.	Tweeds and thicker materials.	Blankets.	Cheap quality over-coatings.
	Per cent.	Per cent.	Per cent.	Per cent.
Japan . . . . .	60	25	20	..
Czechoslovakia . . . . .	20	..	..	..
United Kingdom . . . . .	10	40	10	10
Italy . . . . .	..	..	60	80
Other continental countries . . . . .	..	15	..	..
India . . . . .	10	20	10	10
	100	100	100	100

5. The following statement will give an idea of the average price per yard or per piece of the different qualities of goods most commonly in demand in the local markets:—

Name of article.	Indian.	Japan.	United Kingdom.	Continent.
	Rs. per yard.	Rs. per yard.	Rs. per yard.	Rs. per yard.
Ladies dress material	3 to 4	1-8 to 2	2-8 to 3	1-12 to 2-4
Light coatings and suitings.	4 to 5	3 to 4	5 to 7	..
Heavy coatings and suitings.	6 to 8	4 to 6	6 to 10	6 to 7
Overcoatings . . . . .	6 to 8	..	8 to 12	4 to 7
Tweeds . . . . .	3 to 5	..	4 to 6	..
Blankets:—				
(a) mill made . . . . .	Rs. per piece. 8 to 20	Rs. per piece. 8 to 12	Rs. per piece. 18 to 24	Rs. per piece. 6 to 12
(b) hand spun and hand woven.	Rs. each. 2 to 6	Rs. each. ..	Rs. each. ..	Rs. each. ..
Shawls:—				
(a) mill made . . . . .	3 to 6	5 to 11	..	5 to 14
(b) hand made with imported yarn.	Single Rs. 6 each. Double Rs. 12 each. Rs. each. 30	..	..	..
(c) Pashmina shawl		..	..	..

6. In the matter of crochet wool for knitting purposes, Japan is on the way to oust every other country from the local market. The Japanese wool was introduced in the market only about 2 years back and has since captured almost the entire market. Its prices are about 50 per cent. lower than the Indian made wool.

7. The hosiery industry of the Punjab does not come into direct competition with the United Kingdom, the Continent and the United States of America, but Japan has been its most formidable rival in the Indian markets. The increase in the standard rate of duty made last year, however, provided some relief to the local industry. Up to the year 1932, the United Kingdom supplied the bulk of the imported hosiery and it was in that year that Japanese woollen hosiery goods appeared on the market and secured about 20 per cent. of the market. In 1933 they held about 60 per cent. of the entire market and out of the rest 30 per cent. fell to the share of the Indian producers and the remaining 10 per cent. to the United Kingdom. During the current year the share of the United Kingdom goods is reported to have increased slightly but it cannot be said definitely at this stage whether this improvement is at the cost of the Indian manufacturer or the Japanese exporter.

REPLIES TO QUESTIONS CONTAINED IN PARAGRAPH 2 OF THE LETTER OF THE  
TARIFF BOARD (No. 379, DATED THE 2ND NOVEMBER, 1934).

1. There are no small scale factories in the Punjab carrying on wool weaving exclusively throughout the year. The organised small scale factories turn out woollen goods for winter requirements only seasonally during the months of August to February, and during the remainder of the year are engaged on the production of silk or cotton fabrics. The total number of such factories in the province is about 20. Of them 5 are equipped with power looms. The power looms are primarily suitable for cotton weaving but are also utilised for the manufacture of woollen fabrics out of raffle yarn to cater for the local demand. The majority of these factories started with handlooms and a few of them later on added some power looms and hence they have both hand and power looms working side by side. The same may be said of the hosiery factories in the province. The hosiery factories take up the manufacture of woollen hosiery during the months of July to November. It may be noted that large quantities of woollen woven and knitted goods are produced by cottage workers, who work individually on looms or have installed a few knitting machines in their homes. The numbers of such looms and knitting machines at selected centres where wool weaving or knitting may be said to have been localised, have accordingly been added to the statement showing the number of small scale factories given below:—

(a) *No. of small scale weaving factories using power and the capital invested in them.*

Name of centre.	NUMBER OF FACTORIES.					CAPITAL INVESTED IN RUPEES.				
	1930.	1931.	1932.	1933.	1934.	1930.	1931.	1932.	1933.	1934.
Amritsar .	1	1	3	3	3	40,000	46,000	1,70,000	2,25,000	2,50,000
Lahore .	..	..	..	..	1	..	..	..	..	50,000
Ludhiana .	..	..	..	..	1	..	..	..	..	50,000



(b) *Number of small scale weaving factories in the Punjab and the number of looms installed in cottage handloom weaving centres and the capital invested therein.*

Name of centre.	Whether fac- tories or looms.	NUMBER OF FACTORIES OR LOOMS INSTALLED.								CAPITAL INVESTED IN RUPEES.					
		1928.	1929.	1930.	1931.	1932.	1933.	1934.	1928.	1929.	1930.	1931.	1932.	1933.	1934.
Amritsar, Hosiarpur, Jullundur, Bilga.	Factories	6	6	6	8	8	11	32	2,00,000	2,20,000	2,20,000	2,75,000	2,75,000	3,25,000	10,00,000
Ladhiana	Do.	..	..	..	..	..	..	4	..	..	..	..	..	..	70,000
Jalalpur Jattan	Looms	..	..	..	..	..	..	506	..	..	..	..	..	..	1,25,000
Hyderabad and Mah- kera.	Do.	..	..	..	..	..	..	150	..	..	..	..	..	..	22,500
Qila Sobha Singh	Do.	..	..	..	..	..	..	40	..	..	..	..	..	..	6,000
Dhudial	Do.	..	..	..	..	..	..	20	..	..	..	..	..	..	3,600
Nurpur	Do.	..	..	..	..	..	..	15	..	..	..	..	..	..	4,500
Kklu	Do.	..	..	..	..	..	..	45	..	..	..	..	..	..	6,750
Indrapur Indore	Do.	..	..	..	..	..	..	45	..	..	..	..	..	..	6,750
Panipat	Do.	275	280	290	235	300	300	300	..	..	..	..	..	..	1,20,000

(c) Number of small scale hosiery factories using power and the capital invested in them.

	2	4	8	12	16	18	20
Ludhiana	..	..	..	..	..	..	Capital invested in machinery : about Rs. 8 to Rs. 9 lacs including the factories not using power shown in (d) below. Total investment including working capital Rs. 35 lacs approximately.
Lahore	..	..	..	..	..	..	8 Capital invested in 1934 : Rs. 475,000.
Amritsar	1	3	4	9	12	12	11 Capital invested : Rs. 55,000 in 1928 ; 1,35,000 in 1929 ; 1,85,000 in 1930 ; Rs. 3,87,000 in 1931 ; Rs. 4,69,000 in 1932 ; Rs. 5,07,000 in 1933 ; and Rs. 4,60,000 in 1934.
Sialkot	..	..	..	..	..	..	2 Total investment including 3 factories shown in statement (d) below : Rs. 45,000 in 1934.
Rawalpindi	..	..	..	..	..	..	1 Total investment including 1 factory shown against Gujranwala in statement (d) below : Rs. 10,500 in 1934.

(d) *Number of small scale hosiery factories not using power and the capital invested in them.*

Name of centre.	NUMBER OF FACTORIES IN							Capital invested in rupees.
	1928.	1929.	1930.	1931.	1932.	1933.	1934.	
Ludhiana . . .	70	75	80	85	90	95	100	Capital invested included in (c) above.
Lahore . . .	..	..	..	..	..	..	10	Capital invested Rs. 8,500 in 1934.
Amritsar . . .	..	..	..	6	10	14	18	Capital invested Rs. 60,000 in 1931, Rs. 1,00,000 in 1932, Rs. 2,15,000 in 1933, and Rs. 2,50,000 in 1934.
Slalkot . . .	..	..	..	..	..	..	3	Capital invested included in (c) above.
Gujranwala . . .	..	..	..	..	..	..	1	Capital invested included in (c) above against Rawalpindi.
<i>(e) Number of carpet looms in Multan.</i>								
Multan . . .	..	..	..	..	..	..	60	Capital invested Rs. 5,000 in 1934.

2. According to the Census of India, 1931, Volume XVII, Punjab Report, Table X, the number of persons engaged in "wool carding, spinning and weaving" in the Punjab has been shown as follows:—

Total earners' principal occupation—		
Males . . .		1,756
Females . . .		711
Total working dependants—		
Males . . .		48
Females . . .		210
Total		2,725
Total earners with subsidiary occupations—		
Males . . .		124
Females . . .		15
Grand total . . .		2,864

A detailed statement showing the numbers of workers in each district is attached at the end of this note.

The Census figures, however, do not give a correct idea of the number of persons engaged in the industry. From the investigations conducted by this office, it is estimated that over 200 persons are employed in hand and power driven factories and about 10,000 weavers including helpers in wool weaving shops and cottages not using power. The number of persons engaged in wool spinning, weaving and hosiery at selected centres are shown in the statement given below:—

*I.—Small scale weaving factories using power.*

Name of centre.	1928.	1929.	1930.	1931.	1932.	1933.	1934.
Amritsar . . . . .	..	..	25	25	125	165	200
Lahore . . . . .	..	..	..	..	..	..	35
Ludhiana . . . . .	..	..	..	..	..	..	20
TOTAL . . . . .	..	..	25	25	125	165	255

## II.—Handloom factories and cottage workers not using power.

Name of centre.	1928.	1929.	1930.	1931.	1932.	1933.	1934.	
Amritsar . . . . .	420	420	420	546	540	625	1,600	
Jullundur . . . . .								
Hoshiarpur . . . . .								
Bilga . . . . .								
Jalalpur Jattan . . . . .	..	..	..	..	..	..	500	Weavers.
Hyderabad . . . . .	..	..	..	..	..	..	1,000	Helpers.
Mankera . . . . .							150	Workers.
Qila Sobha Singh . . . . .							300	Helpers.
							8	Pashmina weavers.
							8	Helpers.
							40	Blanket weavers.
							40	Helpers.
							20	Weavers.
Dhuddial . . . . .	..	..	..	..	..	..	40	Helpers.
Nurpur . . . . .	..	..	..	..	..	..	40	Workers.
Kulu . . . . .	..	..	..	..	..	..	80	
Panipat . . . . .	..	..	..	..	..	..	1,000	Weavers.
							3,000	Spinners.
TOTAL . . . . .	..	..	..	..	..	..	7,826	

## III.—Power driven hosiery factories.

Name of centre.	1928.	1929.	1930.	1931.	1932.	1933.	1934.
Ludhiana . . . . .	..	..	..	800	1,000	1,200	1,500
Lahore . . . . .	..	..	..	..	..	..	320
Amritsar . . . . .	150	340	375	680	760	1,000	800
Ferozepore . . . . .							
Jullundur . . . . .							
Sialkot . . . . .							
Rawalpindi . . . . .	..	..	..	..	..	..	12
	..	..	..	..	..	..	8
TOTAL . . . . .	..	..	..	..	..	..	2,640

## IV.—Hosiery factories not using power.

Ludhiana . . . . .	..	..	..	2,700	2,800	2,900	3,000
Part-time workers employed on filling bobbins, etc.	..	..	..	500	700	800	1,000
Lahore . . . . .	..	..	..	..	..	..	75
Amritsar . . . . .	50	75	100	650	1,000	1,400	1,460
Jullundur . . . . .							
Ferozepore . . . . .							
Sialkot . . . . .							
Gujranwala . . . . .	..	..	..	..	..	..	30
	..	..	..	..	..	..	3
TOTAL . . . . .	..	..	..	..	..	..	5,568

## V.—Carpet manufacture : cottage workers.

Multan . . . . .	..	..	..	..	..	..	60
GRAND TOTAL FOR THE YEAR 1934.	..	..	..	..	..	..	16,349

3. The average wages paid (a) in factories using power and (b) in factories and cottages not using power are shown in the statement below:—

(a) Average wages paid in factories using power.

Name of centre.	Kind of factory.	Average wage.
Amritsar . .	Weaving . .	Men : Rs. 20 to Rs. 30 per mensem. Women and children : Rs. 4 to 6 per mensem.
Lahore . . .	Do. . . .	Weaving of plain cloth : anna 1 per yard. Weaving of fancy cloth on Jacquards and Dobbies anna 1-6 to annas 2 per yard accord- ing to the complexity of design. Average earnings : About Rs. 35 to Rs. 40 per mensem.
Ludhiana . .	Hosiery . .	Rs. 30 to 35 per mensem.
Lahore . . .	Do. . . .	Rs. 22 to 25 per mensem. Head Mistri : Rs. 50 to 60 per mensem.
Sialkot . . .	Do. . . .	Rs. 22 per mensem.
Amritsar . .	Do. . . .	Men : Rs. 20 to 30 per mensem. Women and children : Rs. 4 to 8 per mensem.

(b) Average wages paid in factories and cottages not using power.

Amritsar . .	Weaving	Men : Rs. 15 to 20 per monsem. Women and children : Rs. 4 to 6 per monsem.
Jalalpur Jattan .	Do. . . .	Rs. 20 per mensem.
Hyderabad, Man- kera.	Do. . . .	Rs. 15 per mensem.
Qila Sobha Singh.	Do. . . .	Pashmina weavers : Rs. 12 per mensera. Wool weavers : Rs. 10 per mensem.
Dhudial . . .	Do. . . .	Rs. 15 per mensem.
Panipat . . .	Do. . . .	<i>Spinning.</i> —The wages of a spinner depend upon the weight and quality of yarn spun 8 <sup>s</sup> to 12 <sup>s</sup> (blanket yarn) at annas 2 to annas 3 per seer. Yarn produced for carpet factories at annas 1-6 per seer. The daily earnings of a spinner average about annas 1-6. <i>Weaving.</i> —The weavers are paid on piece wage system annas 4 to annas 8 per blanket accord- ing to quality. The average earnings of a weaver are about annas 8 per day.
Ludhiana . .	Hosiery . .	Rs. 22 to Rs. 25 per mensem.
Lahore . . .	Do. . . .	Rs. 20 per mensem.
Amritsar . .	Do. . . .	Men : Rs. 15 to Rs. 20 per mensem. Woman and children : Rs. 4 to Rs. 8 per mensem.
Sialkot . . .	Do. . . .	Rs. 20 per mensem.
Mltan . . .	Carpets . .	Anna 1 per 400 knots. The daily earnings of a weaver average about Re. 1 and the monthly earnings Rs. 20 to Rs. 22.

4. The total number of wool spinning wheels and wool weaving looms in the Punjab is estimated at 120,000 and 4,500 respectively. This estimate does not include the figures of Kulu Valley where about 20 per cent. of the population carry on wool spinning and weaving by means of *takkis* and primitive looms mostly to meet local and family requirements.

The figures of *charkhas*, looms and knitting machines in operation at the selected centres of enquiry are shown in the statements given below:—

(a) Number of *charkhas*.

Name of centre.	No. of <i>charkhas</i> .
Panipat . . . . .	3,000
Jalalpur Jattan . . . . .	50
Hyderabad, Mankera . . . . .	700
Qila Sobha Singh—	
For Pashmina . . . . .	40
For Wool . . . . .	70
Dhudial . . . . .	100
Nurpur . . . . .	200
Kulu :—Spinning is mostly done by means of <i>takkis</i> . . . . .	....

(b) Number of looms in small scale factories using power.

Name of centre.	1928.	1929.	1930.	1931.	1932.	1933.	1934.
Amritsar . . . . .			9	9	49	61	72
Lahore . . . . .							12

(c) Number of looms in small scale factories not using power and in cottages.

Amritsar . . . . .	} 212	212	212	269	269	313	780* 2,000† 100‡
Hoshiarpur . . . . .							
Jullundur . . . . .							
Bilga . . . . .							
Jalalpur Jattan . . . . .	..	..	..	..	..	..	500
Hyderabad, Mankera . . . . .	..	..	..	..	..	..	150
Qila Sobha Singh . . . . .	..	..	..	..	..	..	40
Dhudial . . . . .	..	..	..	..	..	..	20
Nurpur . . . . .	..	..	..	..	..	..	15
Kulu . . . . .	..	..	..	..	..	..	45
Indpore Indore . . . . .	..	..	..	..	..	..	45
Panipat . . . . .	275	280	290	295	300	300	300

\* In small scale factories.

† In cottages.

‡ Pit Looms for blanket weaving.

## (d) Knitting machines installed in hosiery factories.

Name of centre.	1928.	1929.	1930.	1931.	1932.	1933.	1934.
Ludhiana; both hand driven and power driven.	1,200	1,300	1,600	1,650	1,800	1,900	2,000
Sewing machines in Ludhiana hosiery factories.	150	175	300	500	1,000	1,200	1,500
Lahore—							
Power driven . . . . .	..	..	..	..	..	..	54
Hand driven . . . . .	..	..	..	..	..	..	138
Amritsar—							
Power looms . . . . .	..	3	3	8	8	8	8
Power knitting machines . .	37	46	53	83	96	137	93
Hand knitting machines . .	15	23	30	177	233	335	350
Slalkot—							
Power knitting machines . .	..	..	..	..	..	..	2
Hand knitting machines . .	..	..	..	..	..	..	30
Rawalpindi and Gujranwala—							
Power knitting machines . .	..	..	..	..	..	..	3
Hand knitting machines . .	..	..	..	..	..	..	6
(e) Carpet looms.							
Multan . . . . .	..	..	..	..	..	..	60

5. The articles produced may be classified under the following main heads:—

1. *Yarn*: Woollen and Pashmina.

2. *Manufactured goods*: In the order of importance the main varieties are:—

(a) Blankets, *dhussa* and *lukars* with woollen warp and weft and also with cotton warp and woollen weft, woollen and pashmina *chadars*, *alwans* and shawls, *lois* and *bhuras*.

(b) *Piecegoods*: Woollen saris and merino cloth, tweeds, flannels, suitings, shirtings, and *patties*.

(c) *Hosiery*: Sweaters, jersies, pullovers, cardigans, ladies coats, socks, stockings, mufflers, scarfs.

(d) Carpets, rugs, *asans*.

Woollen and pashmina yarn is produced mostly by women in almost all the important wool and pashmina weaving centres in the province. Among manufactures Jalalpur Jattan specialises in woollen and pashmina *chadars*, shawls and *dhussas*, Hyderabad Mankera in *dhussas* and *lukars*, Qila Sobha Singh in Pashmina shawls, woollen blankets, *lois* and *bhuras*, Nurpur in Pashmina *chadars*, Panipat in blankets, Dhudial in *lois*, *bhuras*, *patties*. Amritsar also produces raffle *chadars*. The production of piecegoods is mostly carried on in the handloom and power loom factories at Amritsar, Lahore

and in individual factories at a few other centres. The largest centre for the production of hosiery goods in the province is Ludhiana. Next in importance are Lahore, Amritsar and Sialkot.

The manufacture of carpets is confined to Amritsar and Multan.

6. The *takli* and *charkha* spinners in the Punjab employ only indigenous wool. The important varieties of wool used in the Kulu Valley are called *Deskur*, *Biang*, *Imbu* and *Pashmina*. At other places the varieties are named after the cropping seasons, *viz.*, *Chetua* and *Savani* representing the months when they are generally clipped and as white and yellow Joria and Vicaniere. With the exception of big mills very little imported wool is consumed for spinning purposes in the Punjab.

The hosiery industry employs yarn of the following two qualities of wool:—

- (1) *Cross bred*: inferior quality. The trade name given to it is R. D. Counts 2/8 to 2/20. It is usually Indian mill spun and is manufactured by Raymond Woollen Mills, Bombay.
- (2) *Merino*: This quality of wool has come into use since 1930. The counts generally used are 2/12 to 2/78.

7. The woollen industry consumes all kinds of yarn, hand spun, mill spun and imported. In the weaving centres situated in rural areas such as Panipat, Bilga, Khem Karan, Sujampur, Shahpur Kandi, Kahuta, Domali, Dudial, Hyderabad Mankera, Nurpur, Indpur-Indore and in the whole of Kulu Valley hand spun yarn is mainly used. In towns the factories and cottage workers employ both Indian mill made and imported yarns.

The imported yarn is of English, Japanese, French, Polish and Swiss origin. The Merino quality yarn is almost all imported. Of the total consumption of woollen yarn in Lahore in 1930, 80 per cent. of the requirements were met by Polish yarn and the rest by Indian mill yarn mostly from Raymond Woollen Mills, Bombay and the Indian Woollen Mills, Bombay. The total consumption of yarn in that year was 10,000 lbs. It rose to 18,000 lbs. in 1931 when English and French yarns replaced the Polish yarn to the extent of 20 per cent. In 1932 the consumption of yarn increased to 40,000 lbs., out of which the Indian mills supplied as much as 20,000 lbs. and the rest of the demand was met by Polish, French and English yarn in almost equal quantities. The year 1933 witnessed the introduction of Japanese yarn in the local markets and out of the total consumption of 10,500 lbs. of yarn in that year 20 per cent. was met by Japan. During the current year, of the total consumption of 110,000 lbs. almost the entire supply has been met by Japan. In Ludhiana centre the Polish yarn has almost entirely been replaced by Japanese yarn.

8. It is estimated that about 4,800,000 lbs. of indigenous raw wool is consumed annually by the wool spinning and weaving industry in this province. (It has not been possible to collect separate figures of the consumption of raw wool for the various weaving centres as the people in the trade could not furnish any definite or reliable data. The provincial estimate given above is based upon the figures of production, imports and exports of the province.)

The annual consumption of yarn by the weaving industry is shown below:—

	lbs.
(a) Hand spun . . . . .	1,500,000
(b) Mill spun . . . . .	48,000
(c) Imported . . . . .	500,000
<b>Total . . . . .</b>	<b>2,048,000</b>

The annual consumption of yarn by the hosiery industry is as follows:

Name of centre.	CONSUMPTION OF YARN IN LBS.						
	1928.	1929.	1930.	1931.	1932.	1933.	1934.
Ludhiana—							
R. D. Quality . . .	1,500	3,000	60,000	100,000	150,000	225,000	150,000
Merino . . . . .	..	..	15,000	40,000	250,000	500,000	600,000
Lahore . . . . .	..	..	10,000	18,000	40,000	105,000	110,000
Amritsar . . . . .	..	..	..	..	..	..	180,000
Slakot—							
Indian mill spun . .	..	..	..	..	..	..	6,000
Imported . . . . .	..	..	..	..	..	..	3,000
Rawalpindi and Gujranwala :—Imported.	..	..	..	..	..	..	3,400
TOTAL . . . . .	..	..	..	..	..	..	1,052,400

9. Wool.—The price of wool varies with the quality and distance from the supplying markets. Large quantities of wool of coarse as well as finer qualities come into the Punjab from the Kulu Valley. Fazilka, Amritsar, Lahore, Multan, Dera Ghazi Khan and Panipat are the chief centres for the distribution of wool in the province. The prices of raw wool at some of the main weaving centres are shown in the statement given below:—

Name of centre.	Description of wool.	Average price per lb.
		Rs. A. P.
Kulu . . . . .	(i) Disquit . . . . .	0 3 6
	(ii) Biang . . . . .	0 5 3
	(iii) Imboo . . . . .	0 7 0
Nurpur . . . . .	Pashmina . . . . .	0 12 0
Jalalpur Jattan . . . . .	Pashmina . . . . .	1 0 0
Qila Sobha Singh . . . . .	Pashmina Wahabshahi . . . . .	1 4 0
	Indigenous wool . . . . .	0 6 0
Hyderabad Mankera . . . . .	Indigenous wool . . . . .	0 7 0
Dhudial . . . . .	Indigenous wool, black . . . . .	0 4 0
	Indigenous wool, white . . . . .	0 4 6
Panipat . . . . .	Indigenous— White and brown . . . . .	0 6 3
		0 3 6
	Black and light black . . . . .	0 4 3



Wool is generally supplied to spinners by the weavers or dealers in woollen goods who purchase the wool in the open markets, or through brokers who charge Rs. 3 per maund on the market rate as brokerage for supplying it on credit. This charge includes the interest on purchase money. The payments of the amounts due by the spinners or weavers are made to the dealers or suppliers of wool within 2 to 4 months.

*Yarns.*—Amritsar is the chief market for the distribution of yarn in the province. The current prices of various counts of yarns in the Amritsar market are shown below:—

	Quality and counts of yarn.	Average price per lb. in 1934.
		Rs. A.
<i>Indian</i>	1/20s	1 2
<i>Imported</i>	1/64s	2 6
	2/64s	2 8
	2/16s	2 6
	2/28s	2 10
	2/32s	2 11
	2/40s	2 12
	2/16s—2/40s	2 8
		1931—2 4
		1932 &
		1933—1 14

The following statement shows the prices of yarns most commonly employed by the hosiery industry of Ludhiana since 1928:—

Kind of yarn.	PRICES PER LB.						
	1928.	1929.	1930.	1931.	1932.	1933.	1934.
Indian mill yarn	R. D. N. 2/6 Rs. 2-12	R. D. N. 2/16C Rs. 2-6	R. D. N. 2/16 Rs. 2	R. D. N. 2/16 Rs. 1-8	R. D. N. 2/16 Rs. 1-8	R. D. N. 2/16 Rs. 1-6	R. D. N. 2/16 Rs. 1-8
Merino imported	Not imported.	Not imported.	2/40 Rs. 2-14	2/40 Rs. 2-4	2/40 Rs. 2-11	2/40 Rs. 2	2/40 Rs. 2-12

The hosiery manufacturers of Sialkot employ the following counts of yarns:—

3/10, 2/12, 3/12, 4/12 and 2/16 Indian mill made R. D. quality:  
Rs. 1/8 per lb.

2/16, 2/20, 2/24, 2/28 and 2/32 imported yarn Merino quality:  
average price Rs. 2/12 per lb.

2/40, 2/48 and 2/52 imported yarn: average price Rs. 2-12 per lb.

The Punjab Textile Mills, Lahore, use yarns of 2/64, 1/64 and 2/78 counts. The current prices are Rs. 3 to Rs. 4 per lb.

The counts and prices of yarns used by handloom weavers at different centres in the province are detailed below:—

*Jalalpur Jattan:* Woollen yarns of 23, 24, 28 and 32 counts: Rs. 13-12 per bundle of 10 lbs.

Worsted yarn imported of 64/2 counts: Rs. 23 per bundle of 10 lbs.

*Hyderabad Mankera:* Only hand spun yarn is consumed. The price per lb. ranges between As. 12 to Re. 1-8 according to quality.

*Dhudial:* Hand spun woollen yarn is used. The prices vary between As. 12 to Re. 1-4 per lb.

The main distributors of foreign and Indian mill spun yarn are the direct importers of Amritsar who supply the requirements of all consuming centres in the province. Generally 30 days' credit is allowed and the collections are made by delivering the documents and Railway receipts through the banks, the draft being payable at 30 days' sight subject to a charge of interest at 6 per cent. per annum if not paid on maturity. However, in the majority of cases payments are generally delayed till the manufactured goods are sold off and the proceeds thereof are realised. Some of the manufacturers import yarn direct as well but their number is very small.

The cottage manufacturers using hand spun yarn collect their supplies from individual *charkha* spinners or purchase it from petty shopkeepers who collect and stock it for sale.

10. It has not been possible to collect any reliable figures of the annual output of yarn in the province as the production of yarn is carried on in individual cottages by women, and at places by men also, in their spare-time all over the province. A rough idea of the yarn consumed in the province has been given under question 8 above.

The total production of manufactured goods in the province is estimated as follows:—

	lbs.
Blankets, loes and lokars . . . . .	17,00,000
Shawls and sahrees . . . . .	3,00,000
Patties, tweeds, etc. . . . .	6,00,000
Carpets, Multan . . . . .	4,000

The figures of output of the most important producing centres are shown in the statement given below:—

Name of centre.	Pashmina chadars and shawls.	Woollen goods.	Woollen piecegoods.	Hosiery.
	lbs.	lbs.	lbs.	lbs.
Jalalpur Jattan . . . . .	290	190,000	..	..
Hyderabad Mankera . . . . .	..	48,000	..	..
Qila Sobha Singh . . . . .	115	7,500	..	..
Dhudial . . . . .	..	4,200	..	..
Nurpur . . . . .	1,500	..	..	..
Panipat . . . . .	..	600,000	..	..
Amritsar . . . . .	..	..	500,000	140,000
Lahore . . . . .	..	..	1,560	105,000
Ludhiana . . . . .	..	..	..	500,000
Sialkot . . . . .	..	..	..	8,500
Rawalpindi and Gujranwala . . . . .	..	..	..	3,400
TOTAL . . . . .	1,905	849,700	501,560	756,900

11. Carding is done by hand and by comb or by means of the bow string. Spinning is done by hand with *taklis*, *masans* and *charkhas*. The wool is first sorted to separate the long and short staple fibres. It is then washed and dried and is ready for carding. In Jalalpur Jattan, Hyderabad and Mankera carding is done by hand; in Dhudial it is done by means of combs; in the Kulu Valley both by hand as well as with combs and in Panipat by means of the bow string. The wool thus carded is spun into yarn on the ordinary spinning wheels at most places. In the Kulu Valley the spinning is done with the *takli*.

Pashmina is first cleaned with a view to removing hair and other extraneous matter, which constitute 50 per cent. to 60 per cent. of the total weight. The *Pasham* so obtained is carded by passing through hand carding machines and spun by hand on the ordinary hand spinning wheels.

Weaving is carried on mostly on primitive pit looms though at places and particularly in the towns fly-shuttle looms are being installed in increasing numbers.

12. The cost prices and selling prices of the articles enumerated in question No. 5 at various centres are shown below:—

Name of article.	Name of centre.	Cost price.	Selling price.
		Rs. each.	Rs. each.
Blankets . . .	Panipat . . . . .	2 to 3	2-6 to 2-8 and 3 to 3-8
	Dhudial— Superior quality blankets	9	10
	Ordinary quality . . .	5	5-8
Dhussas (Pashmina) .	Jalalpur Jattan . . .	25	30
Lukars . . . . .	Hyderabad and Mankera .	2-12 to 11-8 according to quality.	3 to 12
Chadars . . . . .	Jalalpur Jattan . . .	11	11-8
Pashmina shawls . .	Qila Sobha Singh . . .	22	25
Lois and blankets . .	Qila Sobha Singh . . .	5-8	6
Bhuras . . . . .	Qila Sobha Singh . . .	4-8	5
	Dhudial . . . . .	4-12	5-4
<i>Piecegoods.</i>		Rs. per yard.	Rs. per yard.
Woollen coarse cloth .	Hyderabad and Mankera .	1 to 1-4	1-2 to 1-6
Tweeds . . . . .	Amritsar . . . . .	1-13	2-2
Flannels . . . . .	Do. . . . .	0-10	0-12
Shawl cloth . . . .	Do. . . . .	0-13	0-14
Merino cloth, 29" width	Do. . . . .	0-15	1-0

Hosiery : Cost price and sale price per dozen at Ludhiana.

Name of article.	1928.		1929.		1930.		1931.		1932.		1933.		1934.	
	Cost price.	Sale price.	Cost price.	Sale price.	Cost price.	Sale price.	Cost price.	Sale price.	Cost price.	Sale price.	Cost price.	Sale price.	Cost price.	Sale price.
	Rs. A.	Rs. A.	Rs. A.	Rs. A.	Rs. A.	Rs. A.	Rs. A.	Rs. A.	Rs. A.	Rs. A.	Rs. A.	Rs. A.	Rs. A.	Rs. A.
Socks . . . . .	8 8	10 0	8 8	9 0	6 12	8 12	6 8	8 4	6 8	7 8	6 0	7 0	6 8	7 0
Stockings . . . . .	15 8	18 8	16 8	18 0	17 0	18 4	14 4	16 14	14 2	16 8	13 8	15 4	14 0	15 0
Pullovers . . . . .	Not pro-duced.	Not pro-duced.	Not pro-duced.	Not pro-duced.	52 0	66 0	52 0	66 0	45 0	57 0	40 0	48 0	42 0	45 0
Slipovers . . . . .	Do.	Do.	Do.	Do.	39 0	40 0	39 0	40 8	33 8	42 12	30 0	36 0	31 8	33 12
Cardigans . . . . .	Do.	Do.	Do.	Do.	55 0 to 58 0	69 0 to 72 0	55 0 to 58 0	69 8 to 72 8	48 0 to 51 0	60 0 to 68 0	43 0 to 46 0	52 0 to 56 0	45 0 to 48 0	48 0 to 51 0
Mufflers . . . . .	Do.	Do.	Do.	Do.	Not avail-able.	Not avail-able.	Not avail-able.	Not avail-able.	14 0	16 8	13 8	16 0	14 4	15 0

*Hosiery: Cost price and sale price per dozen at Sialkot, Rawalpindi and Gujranwala.*

Name of centre.	Name of article.	1934.	
		Cost price per dozen.	Sale price per dozen.
		Rs.	Rs. a.
Sialkot . . . . .	Sweaters ordinary . . . . .	16	20 0
Do. . . . .	Sweaters Merino quality . . . . .	30 <sup>a</sup>	36 0
Do. . . . .	Socks . . . . .	6	7 0
Do. . . . .	Sports Merino sweaters . . . . .	42	54 0
Do. . . . .	Sports stockings . . . . .	18	21 0
Rawalpindi and Gujranwala.	Socks . . . . .	7	9 0
Do. . . . .	Stockings . . . . .	10	13 8
Do. . . . .	Mufflers . . . . .	6	8 0

13. The cottage workers are financed all over the province by middlemen. They generally purchase yarn on one month's credit from the yarn merchants. The goods manufactured during the slack season are mortgaged with the money lenders who advance loans to the weavers to the extent of 80 to 90 per cent. of the cost of the goods. The money thus received by the weavers is paid to the yarn merchants on account of the price of yarn supplied and a fresh supply of yarn is again purchased on one month's credit. This goes on throughout the slack season and in the beginning of November the goods are disposed of and the debts are cleared. The money lenders charge interest at the rate of 9 to 18 per cent. according to the credit of the borrower.

The blanket weavers of Panipat are likewise financed by brokers or big dealers. Only some 15 families employ their own capital and their individual investment amounts to about Rs. 1,000 each. Weavers obtain their wool from brokers who charge Rs. 3 per maund by way of interest and other charges on the market rate of wool. The weavers sell their blankets either directly or through the brokers or dealers from whom they obtain their wool on credit. The brokers charge another half anna by way of commission per blanket sold. The weavers are generally able to repay their dues after 4 or 5 months. In the central districts the cottage worker is generally able to obtain yarn and accessories on credit at 5 to 9 per cent. interest. He is also granted small loans by the dealers and *Sahukars* on personal security on interest varying between 9 to 15 per cent. per annum.

There are a certain number of Co-operative Societies of weavers as well. They finance their members.

The banks grant overdrafts to small scale factory owners at 7 per cent. per annum against securities and at 9 per cent. for unsecured loans, *e.g.*, against stock in trade, personal security or estimated value of machinery without regular mortgage. They can obtain yarn on credit at the rate of 6 per cent. interest. Loans in the open market can be raised at 9 to 12 per cent. per annum.

The hosiery industry is generally financed by personal capital. Where borrowed capital is employed, the rate of interest paid varies from 6 to 12 per cent.

14. The woollen piecegoods and hosiery industry has been assisted by Government in the following forms:—

(a) *By grant of loans under the Punjab Industrial Loans Act.*—The statement given below shows the amount of loans granted for the development of the wool weaving and hosiery industry in this province:—

Year.	HOSIERY INDUSTRY.		WEAVING INDUSTRY.	
	No. of applicants to whom granted.	Amount granted.	No. of applicants to whom granted.	Amount granted.
		Rs.		Rs.
1926-27 . . . . .	..	..	..	..
1927-28 . . . . .	..	..	..	..
1928-29 . . . . .	2	6,000	14	28,000
1929-30 . . . . .	7	25,500	..	..
1930-31 . . . . .	8	16,550	..	..
1931-32 . . . . .	4	10,800	..	..
1932-33 . . . . .	..	..	1	1,000
1933-34 . . . . .	..	..	..	..
1934-35 . . . . .	..	..	..	..
TOTAL . . . . .	21	58,850	15	29,000

The accounts of the borrowers are inspected by the First Assistant to the Director of Industries, with a view to ascertaining whether the loans are being utilised for the purpose for which they were granted. His reports show that in the majority of the cases the money advanced is properly utilised. The loan of Rs. 28,000 shown in the statement above was granted to 14 weavers of Jalalpur Jattan in 1928-29 who formed themselves into a joint stock company with the object of establishing a weaving factory equipped with automatic looms and other improved implements. The loan was, however, not utilised for the purpose for which it was granted and has since been refunded to Government.

(b) *By provision of facilities for training in wool spinning, weaving and hosiery.*—(i) *Technical institutions:* Training in wool weaving with improved appliances and looms is imparted in the undermentioned Government aided and recognised institutions along with cotton and silk weaving. The goods produced are mainly raffle chadars and woollen shirtings:

Government Central Weaving Institute, Amritsar.	
Government Industrial School, Ferozepur.	
Government Industrial School, Gujrat.	
Government Industrial School, Hoshiarpur.	
Government Industrial School, Multan.	
Government Industrial School, Rewari.	
Government Industrial School, Rohtak.	
Government Industrial School, Panipat.	
Government aided: Arya Samaj Orphanage Industrial School, Ferozepore.	
Government recognised: Dalchand Jain Memorial Industrial School, Ferozepore Cantonment.	

} Equipped with special weaving classes for adult weavers.

The Government Hosiery Institute, Ludhiana, imparts training in the and wool weaving. Training is imparted in the production of tweeds, coatings, shirtings, patties, check designs, chadars, blankets, etc. The newly started Government Industrial School at Muzaffargarh will also impart training in wool spinning and wool weaving.

The Government Hosiery Institute, Ludhiana, imparts training in the manufacture of hosiery goods of all descriptions on upto date hand and

power driven machines. Three classes are now being run at the Instituto, viz., class A with two years course which enables the students to acquire a general acquaintance with the working of all types of machines in the first year and to receive specialised and intensive training in one of the four groups of machines in the second year. Class B is really the workmen's class and is intended for artisans. The course of instruction of this class extends over one year and has been so arranged that after a brief preliminary training in the elementary process of hose making students are allotted for specialised and intensive training to one of the four groups referred to above. They will then continue working in their respective groups till the end of the course and it is hoped that when they complete their training, they will be competent and skilful workmen ready to be absorbed in the trade on the machines in the use of which they have received specialised training. The third class operating in the Instituto is the Work Masters Class. The recruitment to this class will be made from among the top students of the four groups of class B. A course of advanced and intensive training with particular reference to the preparation of designs and repairing and fitting of machines will be given to the students of this class, and it is hoped that the products of this class, which will be few in number, will be able to act as head jobbers or supervisors in factories capable of giving designs and attending to the technical side of the machines of which they are called upon to take charge.

(ii) *Demonstrations*: Two peripatetic Government Demonstration Parties, viz., (1) the Government Wool Spinning and Weaving Demonstration Party, Hissar, and (2) the Government Travelling Weaving Demonstration Party, Punjab, are at present operating at Hissar and at Hyderabad in the Mianwali district respectively.

The Wool Spinning and Weaving Demonstration Party, Hissar, was started in March, 1934, to instruct the people in the Hissar district, where famine conditions are liable to appear in years of draught, in the utilisation of wool which is available there in large quantities. Instruction is given by means of regular classes with a course of 9 months' duration. The courses of instruction comprise (1) spinning of yarn and manufacture of blankets and tweeds and milling and finishing by hand or (2) spinning of yarn and carpet weaving. About 20 pupils receive training in one batch at a time and most of them are awarded stipends of about Rs. 3 per mensem each.

The Government Travelling Weaving Demonstration Party at present located at Hyderabad started functioning in August 1934 with the main idea of demonstrating practically the use of improved appliances and methods in handloom weaving centres to cottage workers. Demonstrations are given in wool spinning on improved types of spinning wheel and in the production of tweeds, *lukars*, blankets and *lois*, besides dyeing with fast colours and milling and finishing by hand. As a result of the demonstrations, some of the local weavers have installed fly-shuttle looms suited to the type of work they do and the experts of the Party have assisted in their installation and putting them in working order.

Practical demonstrations in the working of upto date tools and appliances, hosiery machines and dyeing with fast colours are also arranged by the Department at the various local fairs, festivals and exhibitions. Practical demonstrations are also arranged at the request of weavers or dyers in remote places at the request of cottage workers.

(c) *Technical assistance*.—Technical assistance in the shape of selection and installation of machinery and plant, solving of practical working difficulties, advice in the purchase of raw materials, supply of marketable designs, supply of trained labour, etc., etc., is rendered by such experts of the Department as the Textile Inspector, Dyeing Expert, Weaving Superintendent, Textile Master, Hosiery Expert and the Headmasters of Government Industrial Schools referred to above.

15. There is no organised system of marketing of the goods produced by cottage workers in the province. In rural areas the production is meant

largely for local consumption and only the surplus is sold to petty shop-keepers for disposal in adjoining areas. In certain districts the manufactured goods are brought to *piths* (weekly markets) for sale and are sometimes disposed of by hawking in the villages or at local fairs. The Co-operative Societies of weavers have also proved helpful to a certain extent in securing markets for the sale of finished products of the members through their own shops. The most important method prevalent in the Punjab is, however, that the capitalists, who own shops at the important weaving centres in the province, get their requirements manufactured by the weavers on piece wage system and take over the produce for sale in and outside the province.

In the more important centres of the industry like Jalalpur Jattan the purchasers from the larger markets such as Amritsar, Rawalpindi, Multan, Peshawar, etc., pay visits to the place in the beginning of the season, i.e., in November and purchase their requirements on the spot. The middlemen or brokers through whom the goods are sold sometimes go to distant places in other provinces and Indian States to sell them. The yarn produced at Panipat in excess of the requirements of the local blanket weavers is sold to Badoi and Mirzapur carpet factories.

The piecegoods manufacturers in towns generally sell their produce through the agency of brokers, commission agents and travelling agents. Some of them manufacture goods to order and against contracts with the dealers. Again some of them have their own shops and selling organisations in other towns as well. Goods are sold on credit at 30/90 days' sight. Goods are also sold direct to dealers and consumers. At Nurpur the weavers largely produce for Amritsar dealers who place orders with them through the agency of local workers who are responsible for the advances made and also for the quality of raw material used and of the finished product. The carpet weavers of Multan work for the middlemen and on their own account.

The hosiery manufacturers sell goods direct to dealers or through travelling agents who are paid commission at rates varying from 3½ to 8 per cent. Some have their own shops and export their goods direct to distant places in and outside the province.

16. Besides the manufactures mentioned in this note above coarse yarn is used by the sports goods industry of Sialkot in the manufacture of cricket and hockey balls, but the quantity required annually for this purpose is so small that the industry is not likely to be affected by the protection to woollen yarn. Considerable quantities of woollen and worsted yarns are, however, used by the large scale carpet weaving factories operating in Amritsar which have been left out of consideration in this note on the assumption that the Board will tackle this large scale industry direct.

The Punjab consumes two kinds of yarn, viz., woollen and worsted. The woollen or coarser yarn is used in the manufacture of tweeds, blankets, etc., while the worsted yarn is used in the manufacture of hosiery goods and in the weaving of shawls, *chadurs*, *dhusas*, etc. The yarn used in the coarser varieties is at present practically all locally spun yarn, whereas the finer and worsted yarn is almost wholly imported. Some yarn suitable for hosiery is manufactured by the Dhariwal Mills or by the Raymond Mills, Bombay, but they did not produce finer counts and are able to meet only a small percentage of the requirements of the hosiery industry. For instance, they do not produce yarn suitable for raffle cloth, etc. No protection at present appears to be required for woollen yarn at any rate for the present until we know that Japan has come in to compete. So far as worsted yarn is concerned its local manufacture is not likely to be taken up without protection and people are likely to take up local manufacture if protection is granted. At the same time, it may be noted that unless the duty on the manufactured products imported into the country is correspondingly and appreciably increased along with an increase in duty on imported worsted yarn, neither the industry for the spinning of worsted yarn will be established in the country, nor will the local weaving or hosiery industry be able to stand outside competition, particularly from Japan.



Statement showing the number of persons engaged in wool carding, spinning and weaving in the Punjab in 1931.

	TOTAL EARNERS PRINCIPAL OCCUPATION.		TOTAL WORKING DEPENDANTS.		Total.	TOTAL EARNERS WITH SUBSIDIARY OCCUPATION		
	Males.	Fe- males.	Males.	Fe- males.		Males.	Fe- males.	Total.
Ambala Division . . . . .	410	110	14	51	585	50	2	61
Hissar . . . . .	7	..	3	..	10	..	..	..
Rohtak . . . . .	8	1	5	1	15	0	..	9
Gurgaon . . . . .	24	5	4	19	52	5	..	5
Karnal . . . . .	348	99	1	30	478	2	2	4
Ambala . . . . .	0	2	..	..	11	15	..	15
Simla . . . . .	14	3	1	1	19	28	..	28
Jullundur Division . . . . .	200	81	3	62	396	53	7	60
Kangra . . . . .	147	61	1	52	281	30	7	48
Hoshiarpur . . . . .	62	..	..	..	62	5	..	5
Jullundur . . . . .	..	..	..	..	..	..	..	..
Ludhlana . . . . .	17	..	..	..	17	..	..	..
Ferozepore . . . . .	34	..	2	..	36	12	..	12
Lahore Division . . . . .	914	70	21	1	1,006	6	..	6
Lahore . . . . .	73	19	1	..	93	1	..	1
Amritsar . . . . .	628	33	1	..	667	..	..	..
Gurdaspur . . . . .	215	18	19	1	253	5	..	5
Slalkot . . . . .	..	..	..	..	..	..	..	..
Gujranwala . . . . .	..	..	..	..	..	..	..	..
Sheikhupura . . . . .	3	..	..	..	3	..	..	..
Rawalpindi Division . . . . .	131	268	10	101	510	2	6	8
Fujrat . . . . .	3	5	1	..	9	1	..	1
Shahpur . . . . .	..	74	..	..	74	..	..	..
Jhelum . . . . .	120	105	6	52	340	1	4	5
Rawalpindi . . . . .	..	3	..	..	3	..	..	..
Attock . . . . .	7	21	6	40	83	..	2	2
Mianwali . . . . .	1	..	..	..	1	..	..	..
Multan Division . . . . .	41	182	..	5	228	4	..	4
Montgomery . . . . .	..	..	..	..	..	..	..	..
Lyallpur . . . . .	..	..	..	..	..	..	..	..
Jhang . . . . .	40	..	..	..	40	3	..	3
Multan . . . . .	..	..	..	..	..	..	..	..
Muzaffargarh . . . . .	1	..	..	..	1	1	..	1
Dera Ghazi Khan . . . . .	..	182	..	5	187	..	..	..
TOTAL BRITISH TERRI- TORY.	1,756	711	48	210	2,725	124	15	139

(2) *Letter No. 92-I. & L., dated the 2nd January, 1935, from the Government of the Punjab.*

*Subject:—IMPROVEMENT OF THE QUALITY OF WOOL.*

With reference to your letter No. 387, dated the 5th November, 1934, on the subject noted above, I am directed to forward herewith a copy of a letter No. 15801, dated the 17th December, 1934, from the Director of Industries, Punjab, together with a copy of its enclosure showing the improvement made in the quality of the local wool in recent years.

*Copy of a letter No. 15801, dated the 17th December, 1934, from the Director of Industries, Punjab, to the Secretary to Government, Punjab, Electricity and Industries Departments, Lahore.*

*Subject:—IMPROVEMENT OF THE QUALITY OF WOOL.*

With reference to Punjab Government endorsement No. 32996 (E. & I.), dated the 27th November, 1934, on the subject noted above, I have the honour to say that sheep breeding in this province is the concern of the Veterinary Department. The Director of Agriculture, who was also addressed on the subject by me, transferred the enquiry to the Director, Veterinary Services, Punjab, for disposal.

2. I forward herewith a copy of a letter No. 8071/11-III-C, dated the 12th December, 1934, from the Director, Veterinary Services, Punjab, together with copies of two articles by Messrs. Smith and Mumtaz Hussain of the Government Cattle Farm, Hissar, entitled "A comparison of the Hissar Dale Sheep with the Indigenous Sheep" and "Monthly Wool Growth in Hissar Dale and pure Bikaneri Ewes" referred to therein.

3. As a result of the propaganda of the Veterinary Department among sheep breeders and also through the Press, satisfactory progress is reported to have been made in sheep breeding for wool production, and there is evidence of greater care in the selection of breeding stock. The Hissar Dale Sheep bred at the Government Cattle Farm, Hissar, by crossing Australian Merino rams with the local Bikaneri Ewes are heavier and stronger in build than the indigenous breeds and their wool is reported to compare favourably with that of the pure Merino ram and is far superior in quality to that of the best Bikaneri ram bred on the farm.

*Copy of a letter No. 8071/11-III-C., dated the 12th December, 1934, from the Director, Veterinary Services, Punjab, Lahore, to the Director of Industries, Punjab, Lahore.*

*Subject:—IMPROVEMENT OF THE QUALITY OF WOOL.*

With reference to your letter No. 14978, dated the 29th November, 1934, I have the honour to reply that on the whole satisfactory progress is being made with regard to the improvement of sheep breeding for wool production in this province.

2. The issues of breeding rams and ewes from the Government Cattle Farm, Hissar, this year are detailed in the statement attached.

3. The Department is also making strong propaganda amongst sheep breeders for more careful selection of breeding stock. Reports show that there is a definite improvement in this respect.

4. I regret to state that the practice of adding sand, etc., to wool of the Fazilka market shows no signs of improvement and action is being taken by the Department against this practice.

5. Reference is invited to articles on "Sheep Breeding" by Messrs. Smith and Mumtaz Hussain of the Government Cattle Farm, Hissar, which have been given wide publicity by the Director, Information Bureau, Punjab.

*A comparison of the Hissar Dale Sheep with the Indigenous Sheep, by L. W. Smith, Esq., Superintendent, Government Cattle Farm, Hissar, and Sheikh Mumtaz Hussain, B.Sc. (Agri.), P.V.S., Deputy Superintendent (Fodder), Government Cattle Farm, Hissar.*

Hissar Dale sheep have been evolved at the Government Cattle Farm, Hissar, after a number of years by crossing Australian Merino rams with the local Bikaneri.

By crossing, inbreeding, rigid selection and grading, a type has been successfully fixed which now breeds, true, in other words the ewes and rams can be depended upon to reproduce their own characters in their offspring.

With reasonable care these sheep stand quite well extremes of climate and are being bred in the hot plains of the Haryana tract, as well as in the cold climate of the Kangra Valley.

Both the ewes and rams of the Hissar Dale flock are heavier and stronger in build and more compact than the Bikaneri sheep bred and maintained under similar conditions at the Farm and are also superior to the local *desi* sheep. The breed is no less resistant to the common diseases of sheep in India than the indigenous breeds.

The mutton qualities of the Hissar Dale sheep are superior to those of the Bikaneri and the local *desi* breed. They have good muscular development of the leg, loin and shoulder which are features very much sought after by butchers for killing purposes.

They have a very fine and even fleece as compared with the coarse fleece of the indigenous and Bikaneri sheep and the wool commands a higher price in the market.

Table No. I gives a comparative statement of the different points in the Hissar Dale, Bikaneri and local sheep.

Table No. 1.

Kind of sheep.		Average live weight.	Calculation ratio of live weight to mutton.	Average weight of mutton per head.	Average yield of wool from two clips per year.
Breed.	Male or female.				
		lbs.		lbs.	lbs. oz.
Hissar Dale . . . . .	Ram . . . . .	155	2.19 : 1	66.2	6 14
	Ewe . . . . .	98.6	2.03 : 1	48.5	4 4
Bikaneri Farm Bred . . . . .	Ram . . . . .	131	2.05 : 1	63.8	6 14
	Ewe . . . . .	79	1.89 : 1	41.2	2 14
Local . . . . .	Ram . . . . .	81.5	1.85 : 1	44.0	4 4
	Ewe . . . . .	58.5	1.79 : 1	32.6	2 8

The mutton figures given above for the Hissar Dales and the Farm Bred Bikaneri sheep have been arrived at by a comparison of live weights to the weight of the dressed carcase, based on weighments of rejected stock fattened for local mutton consumption at Hissar, in the last three years. In the case of the local sheep weighments were made at the Hissar Municipal Slaughter House of well up to average sheep.

As is evident from the above statistics, the wool and mutton of the Hissar Dales are far superior to those of the Bikaneri and the local sheep.

It will be further seen from tables Nos. II and III below that the wool of the Hissar Dale sheep is superior in quality to that of the Bikaneri and Kangra Valley sheep, which are believed to be two of the best indigenous breeds in the Punjab.

Table No. II showing the qualitative analysis of the wool of Hissar Dale, Bikaneri and Kangra Valley sheep by the Dhariwal Woollen Mills, Dhariwal, Gurdaspur district.

Kind of sheep.	Quality.	Colour.	Staple.	Length by half yearly clip.	Spinning quality.	General remarks.
Kangra Valley Sheep	Second Bikaneri 32s coarse.	Yellow	Coarse, harsh, brittle due to lack of grease.	1½" to 8½"	Poor 35 counts	Poor. Bikaneri type, weak in strength.
Bikaneri Farm Bred	Generally coarse 32s	Yellow	Coarse at tips, harsh and brittle.	3" to 5½"	Will spin about 50 yards per ½ oz.	Bikaneri type.
Hissar Dale	50/56s Clothing	Fairly good white yellow, approximately 10 per cent.	Fine and crimpy	1" to 2"	Will spin 140 yards per ½ oz.	Merino type.

Both the wool of the cross bred Hissar Dale and Kangra Valley sheep are generally considered to be superior to the wool of the indigenous plains sheep and command a higher market price.

*Table No. III showing the comparative analysis of the wool of Hissar Dale, Farm Bred Bikaneri rams and a pure Merino ram on the Hissar Farm.*

Kind of Sheep.	Colour of wool.	Quality.	SPINNING VALUE.		
			Combing.	Clothing.	Loss.
	Per cent.		Per cent.	Per cent.	Per cent.
Bikaneri	White . . . . .	Coarse	72.06	26.47	1.47
	Yellow . . . . .				
	Grey . . . . .				
	Loss . . . . .				
Hissar Dale	White . . . . .	Fine	..	99.02	0.98
	Discoloured . . . . .				
	Loss . . . . .				
Imported Merino.	White . . . . .	Fine	..	99.06	0.94
	Discoloured . . . . .				
	Loss . . . . .				

As shown in the above table the wool of our Hissar Dale rams compares very favourably with that of the pure Merino ram and is far superior in quality to that of the best Bikaneri ram bred on the Hissar Farm.

*Monthly Wool Growth in "Hissar Dale" and pure Bikaneri Ewes, by L. W. Smith, Esq., Superintendent, Government Cattle Farm, Hissar, and Sheikh Mumtaz Hussain, B.Sc. (Agri.), P.V.S., Deputy Superintendent (Fodder), Government Cattle Farm, Hissar.*

The economic utility of a fleece is directly related to the different physiological factors governing the growth of wool.

It is a general belief that the growth of wool is governed by the law of diminishing returns (i.e., it attains about two-third of its length during the first six months of growth; and the growth generally diminishes from that point on), if permitted to grow for one year. It is believed that two six monthly shearings are bound to give heavier return than one in twelve months. That is why the practice of shearing every six months is followed.

In a study of "Measurable fleece characteristics" at Wyoming Experimental Station, in a cross breeding experiment at Edinburgh Robert H. Burns, M.S., in his study of "Monthly Wool Growth of Rambouillet Ewes" Dr. J. E. Drueden, Director of Wool Research, and Mr. C. S. Mare, Sheep and Wool Research Officer, in their experiment of the growth of Merino wool in a lamb at Government Frontier School of Agriculture, South Africa, it was found that fleeco length and other characters were regular and not spasmodic as generally believed so far.

With a view to testing the yearly growth a study of the monthly wool growth in the Bikaneri and Hissar Dale ewes was initiated at the Government Cattle Farm, Hissar, in the beginning of year 1932.

*Review of literature.*—According to Burns of Edinburgh University, Rohde, Stohmann, Heyne, Gartherner, and Zorn, all reported that the growth of wool was much greater in the first six months after shearing than in the succeeding six months. These writers unanimously believe that in a yearly shearing there was practically no growth in the last two months and about two-thirds of the growth took place in the first six months.

Nordmeyer, Tenyson and Hardy in their wool growth experiment found out that there was a more or less uniform growth throughout the year.

With slightly more growth during those months when green feed was available and less growth when the ewes were sucking lambs.

*Experimental procedure.*—Four ewes were used in each test. Fortunately for the experiment no substitution had to be resorted to as all the ewes kept good health and there was no mortality. The ewes in this experiment were run with the rest of the flock at the main sheep farm. The sheep farm is situated in a cultivation block of about 1,000 acres and the sheep get grazing only. No concentrates or fodder was fed to these sheep during the experiment. The experimental year April, 1932, to April, 1933, was one of low rainfall and scanty grazing.

*Sampling method.*—From the middle of the shoulder region a clipping or "sheaf" was cut with a surgeon's scissors. The fibres were pulled up tightly against the blades of the scissors and were cut as close to the skin as possible. The clipped portion was carefully marked by a colour so that the same place would not be cut again at subsequent clipping and so spoil the experiment.

*Measurement of stretched fibre length.*—A black paper about 6" x 18", a pair of ordinary fine forceps and a wooden rule graduated in tenth of an inch and centimeter on either side made up the whole of the necessary equipment. The graduated rule was laid on the black paper. For these measurements the left thumb nail was grown and so cut at the end so as to be able to press a fibre evenly and easily. The end of the fibre was now grasped at one end by the forceps and the thumb nail of the left hand was placed over the fibre so that it was opposite the zero point on the rule. The fibre was pulled to its full extent under the thumb nail along the side of the rule. The fine tip of the forceps acts as a good pointer to mark the length when the end of the fibre slips from under the thumb nail thus giving a correct reading on the rule. The length of each clipping was ascertained by drawing out at random from the cut end of the sheaf with a pair of forceps 25 fibres and finding out the average length of the same.

At this Farm and practically throughout India, shearing is done twice a year. The first shearing being done by the end of March and second by the beginning of October. Before this experiment was started the sheep were shorn on 10th April, 1932, and the final shearing was done on 12th April, 1933. From November onwards to ascertain if this extra fleece had any effect on the health and weight of the animals a monthly record was kept of the actual weight of each ewe for the remaining experimental period.

*Experimental results.*—The maximum variation in the monthly wool growth of different ewes is given in (Bikaneri ewes), *vide* Statement No. 1 attached.

The total growth in 12 months—24.1 cms.

The growth in the first six months (172 days)—12.1 cms.

The growth in the first six months calculated for 183 days—12.8.

The growth in the second six months—11.3 cms.

The daily growth in the first six months—0.066 cms.

The daily growth in the second six months—0.061 cms.

The growth per day in the whole growing period—0.065 cms.

The percentage of growth in the first six months—50.1.

The percentage of growth in the second six months—49.9.

The percentage of growth in the first six months calculated for 183 days—52.6.

The percentage of growth calculated for 183 days in the second six months—47.4.

*Results.*—As per statement referred to above, the straight length of the wool at the end of the first six months (183 days)=12.8 cms. gives an average growth of 0.066 cms. per day or 2.13 cms. per month. The length at the end of 12 months is 24.1 cms.

Taking from this the length in the first six months, we have 11.3 cms. as the growth of the second six months. In comparison with the growth in the first six months there is a slight difference of only 1.5 cms. in the later half year. The average increase per day in the second period is 0.61 cms. while per month it is 1.85 cms. Therefore, there is a difference of 0.28 cms. in the length per month and there is only .005 cms. per day less growth in the later six months. The difference is so small as to have no significance.

*Seasonal wool growth of the Bikaneri ewes.*

Season.	ACTUAL GROWTH IN A GIVEN PERIOD.				CALCULATED GROWTH IN 90 DAYS.	
	No. of days.	Wool growth per season.	Growth per day in cms.	Percentage growth per period.	Growth in 90 days.	Percentage growth.
		cms.				
15th April to 29th June, 1932	80	7.1	.088	29.4	7.9	32.7
30th June to 30th September, 1932.	92	5.0	.054	20.7	4.8	19.9
1st October to 30th December, 1932.	91	7.5	.082	31.1	7.4	30.7
31st December, 1932, to 12th April, 1933.	104	4.5	.043	18.8	4.0	16.7
TOTAL	367	24.1		100.0	24.1	100.0

*Seasonal wool growth of the Bikaneri ewes in the first and later six months.*

Period.	Annual wool growth in cms.	Percentage of yearly growth.
First six months after shearing	12.7	52.6
Later six months	11.4	47.4

It is clear from the above tables that a remarkable uniformity of growth is found throughout both six monthly growths, there being a difference of only 1.3 cms., or 5.2 per cent. between the first and second period. A close analysis of the table of the seasonal wool growth of the Bikaneri ewes reveals as would be expected that the growth of wool in the months of January, February and March when grazing was short and in July, August and September when the ewes were nourishing the foetus and later suckling the lamb, was less than during the periods 15th April, 1932, to 29th June, 1932, when Rabi stubbles were available and 1st October, 1932, to 30th December, 1932, when rich kharif weed and jowar stubbles were available and the other physiological strains were reduced. Thus the rate of wool growth as would be expected is directly proportional with the physiological and environmental conditions; favourable circumstances increasing and those which are unfavourable retarding the growth of wool.

*The effect of shearing on wool growth.*—There is a general belief that the wool grows more in the first month or two after shearing than during the later months.

By referring the above Table No. 1, showing the data about the wool growth, a comparison can be made of the average growth of wool in the first two months, in the case of each ewe, independently, with the remaining

months of the year. The average wool growth in the first 49 days is equal to 0.091 cms. while for the later thirty-one days it is .083 cms. The average growth per day for the whole year (367 days) is .065 cms. So in the first 49 days there is an average .026 cms. more growth per day while in the following 31 days it is .017 cms. more per day. The difference is less in the second month but quite significant. Although in the first 49 days an increase is definitely shown over the average of whole year, still there also appear in the third quarter in months of November and December a growth of .09 cms. per day. This increased growth can be traced to the better grazing, which is available in both of these periods. Therefore the more growth in the first 80 days after shearing may not necessarily be due to the stimulant effect of shearing alone.

Date of weighing the ewes.	WEIGHT OF SHEEP IN LBS.			
	Number.			
	204	205	207	219
30th November, 1932 . . . .	96	90	99	90
31st December, 1932 . . . .	96	90	96	87
1st February, 1933 . . . .	95	90	101	92
4th March, 1933 . . . .	95	89	94	92
13th April, 1933 . . . .	92	86	92	88
Average weight . . . .	94.8	89	96.6	89.9
Difference of last weight from the average weight.	-2.8	-3.0	-4.6	-3.9

As shown above there is an average decrease of 3.5 lbs. in all the four ewes. It was more in ewes Nos. 207 and 219 which had lambed than the other two which were barren. The decrease though slight may be due to many other causes, like deficiency in the feed, etc., than the physical exertion of carrying the extra fleece.

*Conclusion.*—The monthly growth of fleece in the Bikaneri ewes is practically the same in the first and the later six months of the year. The fleece continues growing at the same average rate in the both periods. Within this period the growth is effected by the lambing season and abundance or lack of feed. In the month of May, June, November and December when there was an abundance of green feed after the harvesting of the Rabi and the Kharif crops respectively, the effect on the rate of growth was appreciable.

The accompanying graphs Nos. I and II show the rate of growth of wool in the individual ewes and also their average growth.

*Comparison of wool growth in Bikaneri ewes by six months period beginning from shearing time.*—The figures on the top of column are the



total showing the growth in cms. The figures within the column are the percentage of yearly growth.

12.7 cms.

52.6 %
--------

Total wool growth in  
first six months  
after shearing.

11.4 cms.

47.4 %
--------

Total wool growth next six  
months completing  
the year.

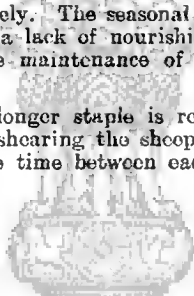
The results in the wool growth tests of Bikaneri ewes at Government Cattle Farm, Hissar, are quite contrary to those reported by Rphde, Stohmann, Heyne, Gartnerer and Zorn and in agreement with the results reported by Nordmeyer, Hackedern Sotola, Drucden, Mare and Burns.

Though the growth of wool was slightly more in the first six months the difference was not as two-third to one-third as generally believed. The growth of wool definitely responds to the availability or lack of nutrition.

Fluctuations in the rate of growth due to lack of rich food health and lambing is directly proportional to the intensity of these factors.

Ewes Nos. 207 and 219 lambed on 9th September, 1932, and at once showed a drop in the growth of their wool in the following month 0.1 and 0.7 cms. per month respectively. The seasonal fall in the growth of wool in the periods when there was a lack of nourishing food speaks for itself and shows the importance of the maintenance of good feeding throughout the year.

For trade purposes if a longer staple is required, wool of the Bikaneri sheep can be lengthened by shearing the sheep once a year. The length of wool can be regulated by the time between each shearing.



नमो भगवते वासुदेवाय

*Maximum variation in monthly wool growth in different ewes in different months (Bikaneri ewes).*

Clipping No.	Date of clipping.	Days of growth.	Average length of 25 fibres in cms. in ewes numbers.					Growth between clipping in cms. in ewes numbers.					Average growth per day in cms.
			204	205	207	219	Average.	204	205	207	219	Average.	
1	29th May, 1932	49	4.3	5.6	4.8	3.3	4.5	4.3	5.6	4.8	2.3	4.5	-0.91
2	29th June, 1932	80	6.9	8.0	7.3	6.3	7.1	2.6	2.4	2.5	3.0	2.6	-0.83
3	29th July, 1932	210	9.5	18.2	9.5	7.1	8.5	2.6	0.2	2.5	0.8	1.5	-0.50
4	31st August, 1932	142	10.7	11.8	9.6	10.9	10.6	1.2	3.1	0.1	3.8	2.0	-0.62
5	30th September, 1932	172	12.8	13.6	11.9	11.8	12.1	2.1	1.3	2.3	0.4	1.5	-0.50
6	30th October, 1932	201	16.6	15.2	12.0	12.0	13.9	3.8	2.6	0.1	*0.7	1.8	-0.62
7	30th November, 1932	233	18.0	18.1	18.9	15.4	16.8	1.4	2.9	3.9	3.4	2.9	-0.90
8	31st December, 1932	263	21.5	21.1	20.3	15.6	19.6	3.5	3.0	4.4	0.2	2.7	-0.90
9	2nd February, 1933	297	21.8	22.4	21.2	17.1	20.6	0.3	1.3	0.9	1.5	1.0	-0.30
10	4th March, 1933	322	22.8	23.6	23.6	20.7	22.6	1.0	1.2	2.4	3.6	2.0	-0.66
11	12th April, 1933	367	24.6	24.5	25.6	21.8	24.1	1.8	0.9	2.0	1.1	1.4	-0.35

\* 207 and 219 lambed on 9th September, 1932.

## PART II (HISSAR DALE).

The maximum variations in the monthly wool growth of the different ewes is given in the Statement No. 2:—

The total wool growth in 12 months—10·5 cms.

The average wool growth per day in 12 months—·028 cms.

The average total wool growth in the first 6 months (173 days)—5·4 cms.

The calculated wool growth in the first 6 months (183 days)—5·6 cms.

The average growth of wool per day in the first 6 months—4·9 cms.

The average growth per day in the first 6 months—·030 cms.

The average wool growth in the later 6 months—4·9 cms.

The average daily wool growth in the later 6 months—·026 cms.

The above statement shows that the straight length of wool at the end of the first 6 months is 5·6 cms. which gives an average growth of ·030 cms. per day and 0·90 cms. per month. The length at the end of 12 months=10·5 cms. or 0·028 cms. per day. The length of the wool grown in the later 6 months=4·9 cms. or ·026 cms. per day and 0·81 cms. per month. In comparison with the first 6 months there is a decrease of 0·7 cms. in the growth of wool in the later period of 6 months. The daily wool growth in the later 6 months is less by 0·004 cms. The difference in this case again is so little as to have no significance.

*Seasonal wool growth in the Hissar Dale ewes.*

Season.	ACTUAL GROWTH IN GIVEN PERIOD.				CALCULATED GROWTH IN 90 DAYS.	
	No. of days.	Wool growth per season.	Growth per day in cms.	Percentage growth.	Growth in 90 days cms.	Percentage growth.
14th April to 27th June, 1932 .	80	2·8	0·035	26·6	3·1	20·5
30th June to 30th September, 1932.	92	2·6	0·028	24·7	2·5	23·8
1st October to 30th December, 1932.	91	2·6	0·028	24·8	2·6	24·7
31st December, 1932 to 12th April, 1933.	104	2·5	0·024	23·9	2·3	23·0
TOTAL	367	10·5	..	100·0	..	100·0

*Seasonal wool growth in the Hissar Dale ewes first and later 6 months.*

Period.	Actual wool growth in cms.	Percentage of yearly growth.
First 6 months after shearing . . . . .	5·6	53·3
Later 6 months . . . . .	4·9	47·7

As shown in the above two statements a remarkable uniformity is maintained in both the 6 monthly growths, there being a difference of only 0·7 cms. or 5·6 per cent. in both the periods.

A close perusal of the table showing the seasonal wool growth in the Hissar Dale ewes discloses that as would be expected, the growth of wool in the months of January, February and March when the grazing was

scarce, the ewes were nourishing the foetuses, and later suckling the lambs was less than during the periods 15th April, 1932, to 29th June, 1932, when Rabi stubbles were available and 1st October, 1932, to 30th December 1932, when rich Kharif weeds and Jowar stubbles were available and the other physiological strains were reduced. Thus in the Hissar Dale ewes also the rate of the growth of wool is governed by the physiological and environmental conditions as with the Bikaneri ewes.

*The effect of shearing on wool growth.*—The average wool growth per day in the Hissar Dale ewes in the 49 days = 0.036 cms. The average wool growth per day for the whole of the year = 0.028 cms. Therefore in the first 49 days there is averagely 0.008 cms. per day more growth than in the average for whole of the year.

Although a definite increase is shown in the first 49 days over the average of the whole year still there also appears in the month of December an average growth of 0.043 cms. per day. This makes it 0.015 cms. more than an average daily growth in year.

This increased growth in the first month after shearing and later in the month of December in the case of Hissar Dale ewes also can be traced to the better grazing available at these times and may not be due to the stimulant effect of shearing alone. This extra growth of wool also appeared in the same season in the Bikaneri ewes.

*Effect of the larger fleece on the health of the Hissar Dale ewes.*

Date of weighing.	WEIGHT OF THE DIFFERENT EWES IN LBS.			
	No.			
	9	268	449	974
30th November, 1932 . . . . .	70	95	68	114
31st December, 1932 . . . . .	66	92	66	115
1st February, 1933 . . . . .	69	96	71	115
4th March, 1933 . . . . .	69	92	68	113
12th April, 1933 . . . . .	66	89	65	112
Average weight . . . . .	68	92.8	67.6	113.8
Difference of the final weight from the average weight.	—2	—3.8	—2.8	—1.8

There is an average decrease of only 2.5 lbs. in the final weighing from the average weight for the period that the ewes were weighed, which is not very appreciable for the reasons given in the above note on Bikaneri ewes. The Hissar Dale ewes, however, in the second week of April when the weather turned hot appeared slightly distressed during the hotter portion of the day, refused to graze and rested under the trees.

*Conclusions.*—The monthly wool growth in the case of the Hissar Dale ewes like those of the Bikaneri ones already discussed was practically the

same in the first and later periods of 6 months. The fleece continued to grow at about the same average rates in both the periods. In the first 6 months the rate was the same as in the second. In the later period there, however, being a difference of .004 cms. which is negligible.

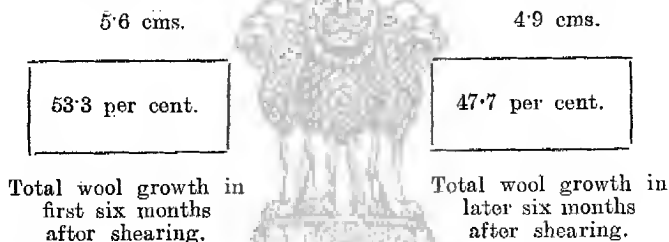
Within this period the growth is affected by the lambing and the tupping season and the lack or abundance of the food. Within the first half year in the period of 15th April, 1932, to 29th June, 1932, when there was more food available there was a daily wool growth of 0.036 cms. per day while in the same half year during the period of 30th June, 1932, to 30th September, 1932, when there was a lack of food there was a decreased growth of .0282 cms. per day.

Similarly, in the later half year in the period of 1st October, 1932, to 30th December, 1932, when there was better food a daily growth of .028 cms. was daily maintained by the ewes which was, however, decreased to .024 cms. per day in the later portion, i.e., 31st December, 1932, to 12th April, 1933, when the food supply became more scarce.

In the months of May, June, November and December when the food supply is good, the increase in the growth is appreciable.

The accompanying graph shows the rate of growth in the individual Hissar Dale ewes and also their average growth.

*Comparison of wool growth in the case of Hissar Dale ewe by 6 month periods beginning from the shearing time.*—The figures in the top columns are tables showing the growth in centimeters. The figures within the columns are the percentages of yearly growth.



Though the comparative length of the wool of Hissar Dale to that of Bikaneri ewes during the experimental year was as 1 to 3 the percentage of the rate of growth of the wool during the different seasons in the case of the Bikaneri ewes and the Hissar Dale was identical. The growth of wool in the case of Hissar Dale ewes was only 5.6 per cent. more in the first 6 months than in the later 6 months. The difference was not one third to two third as generally believed. The growth of wool definitely responds to the availability or lack of nutrition and other physiological effects. Like that of Bikaneri ewes the fluctuations in the rate of growth in the case of Hissar Dale ewes also is directly proportional to the intensity of these factors. Ewe No. 9 lambed on 10th August, 1932, and at once showed a decrease in the growth of wool in the following two months of September and October to 0.3 and 0.1 cms. respectively, which was the lowest in her performance of the year.

The fall in the growth of wool in the season when there was a lack of food in this case also speaks for itself and definitely emphasizes the necessity of the maintenance of a good food supply throughout the year.

For trade purposes if a longer fleece was required wool can be increased by shearing the sheep once a year.

Length of wool can be regulated by the times between the shearing.

For a yearly growth of wool 15th of March to the 30th March is the best time for shearing.

Statement showing maximum variation in monthly growth in different ewes (Hissar Dale).

Clipping No.	Date of clipping.	Days of growth.	Average length of 25 fibres in cms.					Growth between clippings in cms.					Average growth per day in cms.
			Ewe No.					Ewe No.					
			9	268	449	974	Average.	9	268	449	974	Average.	
1	20th May, 1932	49	2.2	2.0	1.4	1.7	1.8	2.2	2.0	1.7	1.7	1.8	-0.36
2	29th June, 1932	80	3.1	2.9	2.7	2.6	2.8	0.9	0.9	1.3	0.9	1.0	-0.32
3	29th July, 1932	110	3.9	3.5	3.9	3.3	3.6	0.8	0.6	1.2	0.7	0.8	-0.26
4	31st August, 1932	142	5.2	4.5	4.3	4.6	4.6	1.3	1.0	0.4	1.3	1.0	-0.31
5	30th September, 1932	172	5.5	5.0	5.3	5.4	5.4	*0.3	0.5	1.5	0.8	0.8	-0.26
6	30th October, 1932	201	5.6	6.1	6.2	5.7	5.9	0.1	1.1	0.4	0.3	0.5	-0.17
7	30th November, 1932	233	7.2	6.3	6.6	6.8	6.7	1.6	0.2	0.4	1.1	0.8	-0.25
8	31st December, 1932	263	8.0	8.3	7.3	8.1	7.9	0.8	2.0	0.7	1.3	1.2	-0.40
9	2nd February, 1933	292	8.5	8.8	8.5	9.1	8.7	0.5	0.5	1.2	1.0	0.8	-0.27
10	4th March, 1933	322	9.4	9.3	9.3	9.6	9.4	0.9	0.5	0.8	0.5	0.87	-0.22
11	12th April, 1933	362	10.7	10.5	10.2	10.7	10.5	1.3	1.2	0.9	1.1	1.1	-0.27

\* Ewe No. 9 lambed on 10th August, 1932.

(3) *Letter No. 31, dated the 15th January, 1935, from the Tariff Board, to the Director of Industries, Punjab, Lahore.*

With reference to your letter No. 16028, dated the 22nd December, 1934, addressed to the Government of the Punjab, I am directed by the Tariff Board to invite your attention to the following points with a request that you will be so good as to give such further information as is at your disposal, in order to enable the Board to make more adequate use of the figures. In order to save time, this letter is addressed to you direct.

In paragraph 5 of your letter you have given certain average prices of goods most commonly in demand. It is not possible to make any comparison of these prices, unless the widths and the weights per yard of the cloths and the sizes and weights of the blankets and shawls are given. In the same way the prices of the articles given in paragraph 12 of the Report cannot be compared unless similar information can be given here also.

*Question 1.*—Kindly state whether the information regarding capital invested has been obtained from the owners themselves or is in some instances an estimate. It is noticed that the capital per hand loom varies from Rs. 150 to Rs. 400, which seems excessive, even if working capital be included.

*Question 2.*—The answer regarding the number of workers at certain selected centres is in some instances difficult to reconcile; for instance in the Amritsar centre where it is reported that there are 2,880 looms, the number of workers is 1,600; in Panipat on the other hand where there are reported to be 300 looms, the number of weavers only is put at 1,000.

*Question 3.*—Is there any reason why the average wage in Amritsar should be Rs. 20 to Rs. 30 per mensem while it is Rs. 35 to Rs. 40 in Lahore? Is it due to a difference in the wage system?

*Question 4.*—It is difficult to reconcile the figure for charkhas (120,000) and looms (4,500). At Panipat where hand spun yarn only is used there are 10 charkhas per loom. Can there be 27 charkhas per loom in the whole province? It is noticed that the looms, in the selected centres only, amount to 3,990, leaving only 510 for the rest of the province. Is this correct?

*Question 8.*—The raw wool consumption is put on page 11 at 4,800,000 lbs. the consumption of handspun and mill spun yarn together amounts only to 1,548,000 lbs., only about 32 per cent. of the consumption of raw wool. The output of finished products on pages 15 and 16 amounts to 2,604,000 lbs. These figures require to be reconciled. Presumably the total consumption of wool includes the mill consumption, but please give the estimates of production, import and export in detail. In the same way while the consumption of yarn in Ludhiana by the Hosiery Industry is put at 750,000 lbs., the output on page 16 amounts only to 500,000 lbs. What is the estimated wastage?

*Question 9.*—It is stated the Punjab Textile Mills, Lahore, pay from Rs. 8 to Rs. 4 per lb. for yarns of 2/64s, 1/64s and 2/78s. On the previous page prices in the Amritsar market for 2/16s are Rs. 2-6 and for 2/64s Rs. 2-8, and we were informed in Ludhiana that Rs. 2-8 was paid for 2/64s. It is not easy to follow the average prices also given for yarns 2/16s to 2/40s. Is it possible to report prices paid for the actual counts?

2. A separate questionnaire has already been issued relating to the hosiery trade. I am asked to request you to be so good as to send the supplementary information as early as you can.

(4) *Letter No. 1525, dated the 5th February, 1935, from the Director of Industries, Punjab, Lahore.*

With reference to your letter No. 31, dated the 15th January, 1935, I have the honour to give below the further information regarding the woollen industry in the Punjab called for therein:

*Paragraph 5 of my letter No. 16028, dated the 22nd December, 1934, and paragraph 12 of the Report.*—A statement showing the widths and weight

per yard of the cloths and sizes and weights of the blankets and shawls referred to in the two references quoted at the beginning of this paragraph is attached herewith.

*Question No. 1.*—The information regarding capital invested in the industry at various centres is based upon an estimate of capital invested per loom inclusive of working capital. This estimation was necessitated owing to the general illiteracy of the people engaged in the trade who do not maintain any accounts of their investment in business. The variations in capital investment per loom at different stations are due to the nature of fabrics produced. Thus at Narpur and Jalalpur Jattan costlier yarn is used; hence the capital investment at these places is higher than at other places where ordinary woollen yarn is used. The high investment per loom at Panipat is due to the fact that weaving of blankets at this centre continues throughout the year whereas at other wool weaving centres the industry is seasonal.

*Question No. 2.*—The figure of 1,600 persons shown in question No. 2 against Amritsar, Hoshiarpur, Jullundur and Bilga represents the number of workers engaged only in the handloom factories not using power. Owing to an oversight the number of persons engaged in the cottages on 2,100 looms at these places was omitted. Some 2,000 families carry on wool weaving at these places and that number may kindly be added in the statement given on page 4 under column headed "1934". The figure of 1,000 for Panipat shown in the same statement included both weavers and helpers, and represents the total number of persons in the 300 families engaged in wool weaving at this place.

*Question No. 3.*—The difference in the average wages at Amritsar and Lahore is due mainly to the question of supply and demand. Amritsar is the biggest and oldest weaving centre in the province and the supply of trained labour there is plentiful. In Lahore there is only one power driven factory for wool weaving where the labour employed is mainly imported. The average wage worked out for Amritsar moreover, relates to both hand and power loom factories. There is no difference in the system of payment at the two places.

*Question No. 4.*—The Punjab produces only a small quantity of yarn over and above the requirements of the local weavers which as stated in question No. 15 is exported to carpet factories at Mirzapur and Badoi. Ordinarily the production of 10 to 12 *charkhas* is required to feed one handloom. The hand spinner, however, does not work continuously and there are more *charkhas* per family than are actually required for the trade which explains the apparently excessive number of *charkhas* per loom. A large number of them remain idle for considerable periods at times.

The figure of number of looms given in the report is correct. Wool weaving is mostly confined to the centres at which investigations were carried out and only about 500 looms are engaged on wool weaving at other places in the province.

*Question No. 8.*—The figure of 4,800,000 lbs. representing the wool consumption of the province includes mill consumption. Of this amount 1,800,000 lbs. are consumed in the production of hand spun yarn and the remaining 3,000,000 lbs. by the mills. The amount of yarn obtained by the hand spinners is 1,500,000 lbs. and by the mills 2,700,000 lbs. The quantity of yarn produced in the mills is not shown in the figures of production of yarn in the report. Of the total poundage of 260,000 about 1,900,000 lbs. is the production of handloom weavers and small scale factories and the remaining 700,000 lbs. that of the mills.

The wastage of yarn in the hosiery industry is estimated at 30 to 33½ per cent. by the people in the trade.

8. The prices of various counts of yarns for the various centres are correct. The difference of As. 8 per lb. in 2/64s at Amritsar and Lahore is due to extra freight and forwarding charges and octroi duty which the



Punjab Textile Mills have to pay in importing yarn from Amritsar. The higher price of Rs. 4 per lb. is in respect of yarns of higher counts, viz., 2/78s. The hosiery manufacturers of Ludhiana rarely use yarn of 2/64s counts. The counts most commonly used are 2/20s, 2/28s, and 2/40s. In the matter of prices the rates for Japanese yarns in Ludhiana increase by one pice for every two counts and for Continental yarns by half an anna for every two counts.

*Statement 'A' showing widths and weights of goods most commonly in demand mentioned in paragraph 5.*

Name of Articles.	Indian.		Japanese.		United Kingdom.		Continental.	
	Width.	Weight.	Width.	Weight.	Width.	Weight.	Width.	Weight.
	Inch.	Oz. per yd.	Inch.	Oz. per yd.	Inch.	Oz. per yd.	Inch.	Oz. per yd.
Ladies dress material.	54	7-8	52	6-7	54	8	54	6-7
Light coatings and suitings.	54	8-9	52	8-9	54	9-10	54	8-9
Heavy coatings and suitings.	54	11-12	52	10-11	54	13-14	54	13-14
Over coatings.	54	18-20	..	..	54	18-20	54	28-32
Twoeds.	54	13-16	..	..	54	13-16	..	..
		lbs. per piece.		lbs. per piece.		lbs. per piece.		lbs. per piece.
Blankets (Mill made).	100 x 60	4-5	108 x 54-60	4-5	100 x 60	3	108 x 54	6
Blankets (hand spun and hand woven).	99 x 54	4-5	..	..	..	..	..	..
		oz. per piece.		oz. per piece.				oz. per piece.
Shawls— (a) Mill made	100 x 48	16-18	100 x 50	20-24	..	..	100 x 50	18
(b) Hand made with imported yarn— Single	99 x 54	16-18	..	..	..	..	..	..
Double	198 x 56	30-40	..	..	..	..	..	..
(c) Pashmina— Single	99 x 56	18-20	..	..	..	..	..	..
Double	198 x 56	32-40	..	..	..	..	..	..

*Statement 'B' showing widths and weights of articles enumerated in question 12.*

Name of articles.	Dimensions.	Weights.
	Inch.	Lbs. per piece.
Blankets, Panipat . . . . .	90 x 54-56	4-5
Blankets Dhudial— Superior quality . . . . .	90 x 54-56	4-5
Ordinary quality . . . . .	90 x 54-56	3-4
Dhussas (Pashmina), Julalpur, Jattan . . . . .	..	5-6
Lukars (Hyderabad and Mankera)	196 x 56	4-5
Chadar, Julalpur, Jattan . . . . .	196 x 56	4-5
Pashmina Shawls (Qila Sobha Singh) . . . . .	99 x 54-56	2-3
Lois (Qila Sobha Singh) . . . . .	196 x 56	4-5
Blankets (Qila Sobha Singh) . . . . .	99 x 56	4-5
Bhuras (Qila Sobha Singh and Dhudial) . . . . .	Not available. Not available.	

(5) Letter No. 6878, dated the 27th May, 1935, from the Director of Industries, Punjab.

With reference to your letter No. 272, dated the 5th April, 1935, I have the honour to forward herewith:—

- (1) corrected copy of the record of my oral evidence together with a neat copy of the same, and
- (2) a supplementary note giving the further information required by the Board.

Enclosure.

1. *The total population of Kulu.*—The total population of Kulu tahsil of the Kangra district according to the Census of 1931 was as follows:—

Males	65,528
Females	65,897
Total	131,425

2. *Estimate of production of superior wool suitable for worsted yarn.*—An exact estimate of the quantity of superior wool suitable for the production of worsted yarn available in the Punjab is not available, but a rough estimate may be formed from the number of sheep in the Punjab and the fleece obtained normally in a year. According to the Cattle Census of 1930 the total number of sheep in the Punjab in that year was 4,457,786. Shearing is done generally twice in a year, viz., in spring and in autumn excepting in the districts of Hissar and Kangra (including Kulu Sub-Division), where there is also an intermediate shearing in the month of June. The weight of fleece varies from 3 chhataks in the case of the inferior plains sheep to one seer in the case of Kangra hill sheep. The average yield of wool from two clips per year of Hissar Dale, Bikaner Farm Bred and local sheep as estimated by the Veterinary Department is as follows:—

Lbs. oz.

**Hissar Dale:**

Ram	6	14
Ewe	4	4

**Bikaneri Farm Bred:**

Ram	6	14
Ewe	2	14

**Local:**

Ram	4	4
Ewe	2	8

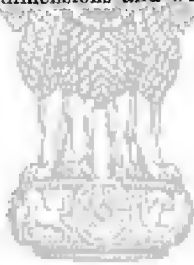
On an average, however, the annual yield of wool in the Punjab may be computed at the following figures:—

	Average yield per sheep. Lbs.	No. of sheep.	Wool available. Lbs.
Kangra district (including Kulu) .	5	289,191	1,445,955
Other districts . . . . .	2	4,168,595	8,337,190
Total .		4,457,786	9,783,145

Of this quantity, only 870,000 lbs. is of superior type suitable for making worsted yarn and the rest 8,913,145 lbs. is coarse, *pahari*, *thal* and *desi*.

It will be of interest to note here that the Punjab exported 11,416,122 lbs. and imported 2,488,350 lbs. in its wool trade during the year 1933-34, the net export being 8,927,772 lbs. The figure of imports are exclusive of imports from the Transborder countries, which is however, not very considerable.

3. *Details of cost price of articles enumerated in answer to Question No. 12 of the Questionnaire (excepting hosiery goods).*—A statement showing the details of cost prices and selling prices of woollen goods produced in the Punjab together with their dimensions and weights is attached herewith.



नमो भगवते वासुदेवाय

## Statement showing the details of cost prices and selling prices of articles

Name of article.	Name of centre.	DETAILS OF	
		Cost of raw materials.	Manufacturing costs.
		Rs. A. P.	Rs. A. P.
Blankets . . .	Panipat . . .	Raw wool, black : 2 seers at Rs. 20 per maund, of which 25 per cent is lost in cleaning, etc. Cost of 2 seers cleaned wool . . . 1 5 3	Preliminary processes : spinning, winding and warping, sizing, weaving and finishing . . . 1 2 9
		Wool, white . . . 2 2 0	As above . . . 1 2 9
	Dhudial . . .	<i>Superior quality.</i> Yarn 3 seers at Rs. 2 per seer . . . 6 0 0	Preliminary processes also winding, doubling, and weaving . . . 2 8 0
		<i>Ordinary quality.</i> Yarn 3½ seers at Rs. 1-2-0 per seer . . . 3 15 0	Preliminary processes also winding, doubling and weaving . . . 1 0 0
Dhussas (Pashmina).	Jalalpur Jattan . . .	4 seers of raw Pashmina wool, which leaves 2 seers of Pashmina after the removal of hair, etc. . . 10 0 0	Cost of spinning 2 seers of Pashmina wool . . . 9 0 0
			Cost of weaving and dyeing . . . 6 0 0
			TOTAL . . . 15 0 0
Lukars . . .	Halderabad and Man- kera.	(a) Lukars having 1,000 threads pt 27" of warp. Cost of 2½ seers of woollen yarn at Rs. 2-8-0 to Rs. 3 per seer . . . 6 4 0 to . . . 7 8 0	Cost of doubling, winding, warping, sizing and weaving 3 0 0
		Cost of silk border . . . 1 0 0	
		(b) Lukars having 800 threads per 27" of warp. Cost of 2½ seers of woollen yarn at Rs. 2 per seer . . . 5 0 0	Cost of doubling, winding, warping, sizing and weaving 2 0 0
		Cost of silk border . . . 1 0 0	
		(c) Lukars having 700 threads per 27" of warp. Cost of 2½ seers of yarn at Rs. 1-8-0 to Rs. 1-12-0 per seer . . . 3 6 0 to . . . 3 15 0	Cost of doubling, winding, warping, sizing and weaving 1 8 0
		Cost of silk border . . . 1 0 0	

enumerated in answer to Question No. 12 of the Questionnaire.

COST PRICE.			Dimensions and weight of the articles produced.	Sale price.	Remarks.
Interest and selling charges.		Total cost price.			
	Rs. A. P.	Rs. A. P.		Rs. A. P.	
Interest charges . . . . .	0 3 6	2 12 0	Dimensions: 90" x 50" — 56" Weight: about 4 lbs.	About 3 0 0 each.	Very inferior blankets have not been taken into account.
Selling commission . . . . .	0 0 6				
TOTAL . . . . .	0 4 0				
Interest charges . . . . .	0 4 0	3 9 3	Ditto . . . . .	About 3 12 0 each.	
Selling commission . . . . .	0 0 6				
TOTAL . . . . .	0 4 6				
Commission on sale . . . . . (No interest charges.)	0 2 0	8 10 0	Dimensions: 12 yards x 27" finished into 2 lengths measuring 3 yards x 54". Weight: About 6 lbs.	9 0 0 to 9 4 0 each.	
Commission on sale . . . . . (No interest charges.)	0 1 0	5 0 0	Dimensions: as above . . . . Weight: 6 lbs. to 7 lbs.	5 4 0 to 5 6 0 each.	
Commission on sale . . . . . (No interest charges.)	0 8 0	25 8 0	Dimensions: 11½ yards x 27" finished into 5½ yards x 54". Weight: 4 lbs.	30 0 0 each.	
Commission on sale . . . . . (No interest charges.)	0 2 0	10 6 0 to 11 10 0	Dimensions: 11 yards x 27" finished into 5½ yards x 54". Weight: 2½ to 2½ seers.	11 0 0 to 12 4 0 each.	
Commission on sale . . . . . (No interest charges.)	0 1 6	8 1 6	Dimensions: 11 yards x 27" finished into 5½ yards x 54". Weight: 2½ to 2½ seers.	9 0 0 each.	
Commission on sale . . . . . (No interest charges.)	0 1 0	5 15 0 to 6 8 0	Dimensions: as above . . . . Weight: 2½ seers.	6 8 0 to 7 0 0 each.	

Name of article.	Name of centre.	DETAILS OF	
		Cost of raw materials.	Manufacturing costs.
		Rs. A. P.	Rs. A. P.
Lukars— <i>contd.</i>	Haiderabad and Manikera— <i>contd.</i>	(d) <i>Lukars having 600 threads per 27" of warp.</i>	
		Cost of 2½ seers of yarn at Rs. 1-4-0 to Rs. 1-8-0 per seer .	Cost of doubling, winding, warping, sizing and weaving
		2 13 0	0 14 0
		to	
		8 8 0	
		Cost of cotton border	
		0 1 6	
		(e) <i>Lukars of cotton warp having 1,200 threads in 50" warp and woollen weft.</i>	
		Cost of cotton warp .	Cost of doubling, winding, warping, sizing and weaving
		0 12 0	0 8 0
Chadars . . .	Jalalpur Jattan.	Cost of woollen weft at Rs. 1-4-0 per seer (18 chhataks)	
		1 6 6	
		Cost of cotton border	
		0 1 6	
		(f) <i>Lukars of cotton warp having 1,200 threads per 50" of warp and cotton and woollen weft.</i>	
		Cost of cotton warp .	Cost of doubling, winding, warping, sizing and weaving
		0 12 0	0 8 0
		Cost of woollen weft	
		0 12 6	
		Cost of cotton weft .	
		0 5 6	
Chadars . . .	Jalalpur Jattan.	Cost of cotton border	
		0 1 6	
		(a) <i>Chadars double of worsted woollen yarn.</i>	
		Cost of 1 seer 9 chhataks of worsted yarn .	Cost of winding, warping and weaving
		8 2 0	2 0 0
			Cost of making of border
			0 4 0
			Cost of embroidery .
			0 4 0
			Cost of dyeing .
			0 4 0
Pashmina shawls	Qila Sobha Singh.		TOTAL .
			2 12 0
		(b) <i>Chadar single 2½ yards × 54".</i>	
		Cost of 1 seer worsted yarn .	Cost of winding, warping and weaving .
		5 2 0	0 8 0
			Cost of border .
			0 2 0
			Cost of dyeing and embroidery .
			0 2 0
			TOTAL .
			0 12 0
Pashmina shawls	Qila Sobha Singh.	4 seers of raw Pashmina, which leaves real Pashmina sufficient for the manufacture of one shawl .	Cost of spinning of yarn .
		10 0 0	5 8 0
			Cost of border .
			1 0 0
Pashmina shawls	Qila Sobha Singh.		Cost of doubling, winding, warping, and weaving and dyeing .
			5 0 0
			TOTAL .
			11 8 0

COST PRICE.		Dimensions and weight of the articles produced.	Sale price.	Remarks.
Interest and selling charges.	Total cost price.			
Rs. A. P.	Rs. A. P.		Rs. A. P.	
Commission on sale . 0 0 6	3 13 0 to 4 6 0	Dimensions : as above . Weight : 2½ seers.	4 0 0 to 4 8 0 each.	
Commission on sale . 0 0 6	2 12 6	Dimensions— Length : 5½ yards. Width : 50". Weight : 2 seers to 2½ seers.	3 0 0 to 3 2 0 each.	
Commission on sale . 0 0 6 (No interest charges.)	2 8 0	Dimensions— Length : 5½ yards. Width : 50". Weight : 2 seers to 2½ seers.	2 12 0 each.	
Commission on sale . 0 5 6 Interest charges . 0 4 0 TOTAL . 0 9 6	11 7 6	Dimensions— Length : 11½ yards. Width : 27". Finished : 5½ yards × 54". Weight : 1 seer 5 chhataks to 1 seer 9 chhataks.	11 8 0 to 12 0 0 each.	
Commission on sale . 0 2 0 (No interest charges.)	6 0 0	Dimensions : 5½ yards × 27". Finished : 2½ yards × 54". Weight : 15 to 20 chhataks.	6 0 0 to 6 8 0 each.	
Commission on sale . 0 4 0 (No interest charges.)	21 12 0	Dimensions : 11½ yards × 27". Finished : 5½ yards × 54". Weight : 1 seer 5 chhataks to 1 seer 6 chhataks.	25 0 0 each.	

Name of article.	Name of centre.	DETAILS OF	
		Cost of raw materials.	Manufacturing costs.
		Rs. A. P.	Rs. A. P.
Lol . . .	Qlla Sobha Singh.	Cost of 2½ seers of woollen yarn at Rs. 1-8-0 per seer . . . 3 12 0	Cost of doubling, and winding . . . 0 4 0 Cost of warping sizing and weaving . . . 1 6 0
Blankets . . .	Qlla Sobha Singh.	Cost of 3 seers of woollen yarn at Rs. 1-4-0 per seer . . . 3 12 0	Cost of doubling, winding, warping, sizing and weaving . . . 1 0 0
Bhuras . . .	Qlla Sobha Singh.	Cost of 3½ seers of yarn at Re. 1 per seer . . . 3 4 0	Cost of doubling, winding, warping, and weaving . . . 0 10 0
	Dhudial . . .	Cost of 3½ seers of yarn at Re. 1 per seer . . . 3 8 0	Cost of winding, doubling, warping and weaving, and finishing . . . 1 0 0
Woolen coarse cloth (Tat cloth) chiefly made from goat hair.	Haldera bad and Man- kera.	(i) Cost of yarn . . . 0 14 0	Cost of winding, warping and weaving . . . 0 5 0
		(ii) Cost of yarn . . . 1 0 0	Cost of winding, warping and weaving . . . 0 6 0
Tweeds . . .	Amritsar . . .	Cost of yarn . . . 1 1 6	Cost per yard— Weaving . . . 0 2 3 Sizing . . . 0 0 9 Warping and drafting . . . 0 0 6 Reeling . . . 0 0 6 Milling, finishing and pressing . . . 0 3 0 Dyeing . . . 0 2 0 TOTAL . . . 0 9 0
Flannels . . .	Amritsar . . .	Cost of yarn . . . 0 4 6	Cost per yard— Weaving . . . 0 2 0 Warping and drafting . . . 0 0 6 Reeling . . . 0 0 9 Milling, finishing and pressing . . . 0 0 9 Dyeing . . . 0 0 9 TOTAL . . . 0 4 9
Shawl cloth . . .	Amritsar . . .	Cost of yarn . . . 0 9 0	Cost per yard— Weaving . . . 0 1 5 Warping and drafting . . . 0 0 6 Reeling . . . 0 0 9 TOTAL . . . 0 2 8
Marino . . .	Amritsar . . .	Cost of yarn . . . 0 6 0	Cost per yard— Weaving . . . 0 2 3 Warping and drafting . . . 0 0 9 Reeling . . . 0 0 9 Milling, finishing, and pressing . . . 0 1 6 Dyeing . . . 0 1 6 TOTAL . . . 0 6 9



COST PRICE.		Dimensions and weight of the articles produced.		Sale price.	Remarks.
Interest and selling charges.		Total cost price.			
	Rs. A. P.	Rs. A. P.		Rs. A. P.	
Interest charges	. 0 2 0	5 8 0	Dimensions: 11½ yards × 27". Finished: 5½ yds. × 54". Weight: 2½ seers.	0 0 0 each.	
Interest charges	. 0 2 0	4 14 0	Dimensions: 12 yds. × 27". Finished: 6 yds. × 54".	5 4 0 each.	
Interest charges	. 0 2 0	4 0 0	Dimensions: 12 yds. × 27". Finished: 6 yds. × 54".	4 4 0 each.	
Commission on sale	. 0 1 0	4 0 0	Ditto	4 14 0 each.	
....		1 3 0	Dimensions— Length: 7½ yards. Width: 22". Weight: 1½ seers.	1 4 0	
....		1 6 0	Dimensions: as above Weight: 2 seers.	1 8 0	
Interest and rent charges	. 0 1 0		Width: 52". Weight per yard: 1 lb.	2 2 0 per yard.	
Other charges.					
Supervision	. 0 2 0	1 14 0			
Depreciation of looms and machinery	. 0 0 6				
TOTAL	. 0 2 6				
Interest and rent charges	. 0 0 6	0 10 9	Width: 29". Weight: 2½ oz. per yard.	0 12 0 per yard.	
Other charges.					
Supervision	. 0 1 0				
Interest and rent charges	. 0 0 6	0 13 2	Width: 44". Weight: 4 oz. per yard.	0 14 0 per yard.	
Other charges.					
Supervision	. 0 1 0				
Interest and rent charges	. 0 0 6	0 14 3	Width: 29". Weight: 2½ oz. per yard.	1 0 0 per yard.	
Other charges.					
Supervision	. 0 1 0				

4. *Details of cost price of hosiery articles mentioned in reply to Question No. 12 of the Questionnaire.*—The details of cost prices of various articles of hosiery mentioned in reply to Question No. 12 of the Questionnaire are shown below, with reference to Ludhiana:—

(a) *Socks (one dozen).*

1. *Cost of yarn—*

Quality of yarn used—Marino.

Counts of yarn used—1/64 3 ply.

Size—9½" to 10½".

Ready weight of one dozen pairs is 1 lb. 1 oz.

Price of one bundle of woollen yarn 1/64 3 ply, weighing 10 lbs. is Rs. 27-8.

In actual practice, a 10 lbs. bundle of woollen yarn is found to contain only 9 lbs. on opening and weighing in the factory premises. This weight is not covered even when the yarn is dyed or washed. Thus, really speaking, the manufacturers pay Rs. 27-8 for 9 lbs. The actual cost of 1 lb. of yarn is thus Rs. 3-1.

There is a further wastage of 15 per cent. in different processes of making socks, such as dyeing, winding, knitting and cutting. Therefore actual yarn consumed for one dozen such socks is 1 lb. 1 oz. *plus* wastage of 15 per cent. in the manufacturing processes.

Or total yarn consumed is 1 lb. 3½ oz. valued at Rs. 3-11-9.

2. *Manufacturing cost.*—Wages of labour (including bonus and all allowances):

	Rs. A. P.
Bleaching and dyeing, etc. . . . .	0 5 0
Winding . . . . .	0 1 9
Knitting (double shed) . . . . .	1 4 0
Sewing toes . . . . .	0 2 6
Ironing inclusive of coal, etc. . . . .	0 3 0
Labelling, transfers and wrappers . . . . .	0 1 0
Packing (two boxes for a dozen) including printing charges over the boxes . . . . .	0 2 6
Total . . . . .	2 3 9

3. Supervision charges and office expenses at 2 per cent. . . . .	0 2 3
4. Power, fuel and light (the machines manufacturing socks are worked by hand) . . . . .	
5. Stores including needles . . . . .	0 2 6
6. Water (has been included in dyeing, etc.) . . . . .	
7. Repairs and maintenance . . . . .	0 1 0
8. Packing (has already been accounted for in No. 2). . . . .	
9. Any other expenses . . . . .	...
Total . . . . .	5 9

Total manufacturing cost . . . . .	2 9 6
Less value of waste recovered (2½ oz. sold at Rs. 2 to 3 per maund) . . . . .	0 0 3
Net total manufacturing cost . . . . .	2 9 3

*Overheads.*

	Rs.	A.	P.
10. Rents, rates and taxes 1.5 per cent. . . . .	0	1	6
11. Insurance . . . . .	0	0	6
12. Selling expenses showing separately expenses of sales through:			
(a) <i>Agents</i> .—The usual rate is 6½ per cent. but sometimes the manufacturers receive back undelivered parcels. Taking all these expenses under consideration, it comes to 8 per cent. . . . .	0	10	0
(b) <i>Shops</i> . . . . .	...		
13. Agents' commission and office allowance, if any . . . . .	...		
14. Depreciation at As. 12-6 per cent. . . . .	0	1	0
15. Capital charges . . . . .	0	4	0
<b>Total</b> . . . . .	<b>1</b>	<b>1</b>	<b>0</b>
<b>Grand total</b> . . . . .	<b>7</b>	<b>6</b>	<b>0</b>

The cost price of one dozen socks was shown as Rs. 6.8 in the statement given in reply to Question No. 9 of the Questionnaire. The difference in the cost price of Rs. 7.6 given above and Rs. 6.8 given previously is due to the fact that in the previous estimate the manufacturers did not allow for the undermentioned charges for the reasons shown against each. As these charges did not go out of the pocket of the manufacturer, they were not included under "cost price".

- (1) *Supervision charges and office expenses*.—Supervision is exercised by the factory owner himself and most of the clerical work, accounting, etc., is done by him.
- (2) *Insurance*.—With the exception of two or three firms no expenditure is incurred under this head by the factory owners.
- (3) *Depreciation on machinery*.—The factory owner is contented with the wages for his labour.
- (4) *Selling expenses*.—The majority of the firms send out one of the partners in the concern for canvassing and affect a saving under this head.

*(b) Stockings (one dozen).*

Quality of yarn—Marino.

Count of yarn—2/28 2 ply.

Size—9½" to 11".

*1. Cost of yarn:*

Ready weight of one dozen pairs is 3 lbs. and 2½ oz.

Price of one bundle of yarn (10 lbs.) is Rs. 25-10.

Considering 10 per cent. loss in weight in a bundle as in the case of socks, 9 lbs. of yarn is Rs. 25-10.

Therefore, cost of yarn 3 lbs. and 2½ oz. + 10 per cent. wastage, i.e., stockings.

Therefore, cost of yarn 3 lbs. and 2½ oz. + 10 per cent. wastage, i.e., 5½ oz. = 3½ lbs. = Rs. 9-15-3.

2. *Manufacturing cost.*—Wages of labour (including bonus and all allowances):

	Rs. A. P.
Dyeing charges at As. 3 per lb. . . . .	0 10 6
Winding at 6 ples per lb. . . . .	0 1 9
Knitting . . . . .	0 12 0
Sewing both sides top and toe . . . . .	0 2 0
Ironing inclusive of coal, etc. . . . .	0 4 0
Labelling and wrapping, etc. . . . .	0 2 0
Packing (in 4 boxes) . . . . .	0 4 0
Total . . . . .	<u>2 4 3</u>

3. Supervision charges and office expenses . . . . .	0 4 0
4. Power, fuel and light (these are made on hand-worked machines: charges for light are only calculated) . . . . .	0 0 3
5. Stores including needles . . . . .	0 1 0
6. Water . . . . .	...
7. Repairs and maintenance . . . . .	0 0 6
8. Packing (this has been accounted for in No. 2) . . . . .	...
9. Any other expenses . . . . .	...
Total . . . . .	<u>5 9</u>

Total manufacturing cost Rs. 2-4-3 plus As. 5-9 . . . . .	2 10 0
Less value of waste recovered . . . . .	0 0 3
Net total manufacturing cost . . . . .	<u>2 9 9</u>

*Overheads.*

10. Rent, rates and taxes 1-5 per cent. . . . .	0 3 3
11. Insurance at As. 5-3 per cent. . . . .	0 0 9
12. Selling expenses showing separately expenses of sales through:	
(a) Agents at 8 per cent. inclusive of everything. . . . .	1 0 0
(b) Shops . . . . .	...
13. Agents' commission and office allowance, if any . . . . .	...
14. Depreciation . . . . .	0 1 6
15. Capital charges at 3 per cent. . . . .	0 6 3
Total . . . . .	<u>1 11 9</u>
Grand total . . . . .	<u>14 4 9</u>

This quality stockings are sold from Rs. 14 to Rs. 15 per dozen by different manufacturers.

(c) *Pullovers (one dozen).*

Quality of yarn—Marino.

Counts of yarn—2/40.

Sizes—32" to 34".

1. *Cost of yarn—*

Ready weight of one dozen pullovers is 7 lbs. 8 oz.

Price of one bundle of yarn is Rs. 27-8. Allowing 10 per cent. shortage in weight the cost of 9 lbs. of yarn is Rs. 27-8 or 1 lb. of yarn is Rs. 3-1.

There is about 25 per cent. further wastage in winding, knitting and cutting when making a pullover, i.e.,  $2\frac{1}{2}$  lbs. are further lost in one dozen pullovers of this quality. Therefore cost of total yarn used  $7\frac{1}{2}$  lbs. plus  $2\frac{1}{2}$  lbs. = 10 lbs. = Rs. 30-10.

2. *Manufacturing cost.—Wages of labour (including bonus and all allowances):*

	Rs. A. P.
Dyeing charges at As. 3 per lb. . . . .	1 14 0
Winding at 6 pies per lb. . . . .	0 5 0
Warping and knitting at As. 2 per lb. . . . .	1 4 0
Cutting and tailoring including thread . . . . .	1 15 0
Repairs of fabric . . . . .	0 2 0
Ironing inclusive of coal . . . . .	0 4 6
Labelling, size marks and hangers . . . . .	0 6 0
Packing (one pullover in one box) . . . . .	1 0 0
<b>Total</b> . . . . .	<b>7 2 6</b>
3. Supervision charges and office expenses . . . . .	0 12 0
4. Power, fuel and light . . . . .	0 9 0
5. Stores including noodles . . . . .	0 5 0
6. Water (it has been included in dyeing, etc.) . . . . .	...
7. Repair and maintenance . . . . .	0 1 0
8. Packing (it has been accounted for in No. 2) . . . . .	...
9. Any other expenses . . . . .	...
<b>Total</b> . . . . .	<b>1 11 0</b>
<b>Total manufacturing cost</b> . . . . .	<b>8 13 6</b>
<b>Less value of waste recovered</b> . . . . .	<b>0 1 6</b>
<b>Net total manufacturing cost</b> . . . . .	<b>8 12 0</b>

*Overheads.*

10. Rents, rates and taxes . . . . .	0 10 0
11. Insurance . . . . .	0 2 0
12. (a) Agents' commission . . . . .	2 10 0
(b) Shops . . . . .	...
13. Agents' commission and office allowance, if any . . . . .	...
14. Depreciation . . . . .	0 5 0
15. Capital charges . . . . .	1 4 0
<b>Total</b> . . . . .	<b>4 15 0</b>
<b>Grand total</b> . . . . .	<b>44 5 0</b>

This quality is generally sold at Rs. 45 to Rs. 48 per dozen.

(d) *Cardigans (one dozen).*

These are commonly known as sweater coats. The quality of yarn employed, counts used and sizes made are the same as in the case of pullovers. The cost of a dozen cardigans is Rs. 4-8 more than that of the pullovers. All other expenses are the same. Extra cost is incurred on the following accounts:—

	Rs.	A.	P.
Tailoring . . . . .	0	8	0
Buttons . . . . .	1	2	0
Excess cost of tape . . . . .	2	14	0
Total . . . . .	4	8	0

The sale price of one dozen cardigans ranges between Rs. 48 and Rs. 51.

(e) *Slipovers (one dozen).*

Quality of yarn—Marino.

Counts of yarn—2/40.

Size—32".

1. *Cost of yarn—*

Price of one bundle of this yarn as stated in case of pullovers is Rs. 27-8.

Calculating in the same way, as in previous cases, the cost of 1 lb. of yarn is Rs. 3-1.

Ready weight of one dozen slipovers is 5½ lbs.

Similarly there is a loss of 25 per cent. in winding, knitting and cutting.

Thus total weight of yarn consumed is 7 lbs. and 4 oz.

Therefore cost of yarn is Rs. 22-4-3.

2. *Manufacturing cost—*

	Rs.	A.	P.
Dyeing charges . . . . .	1	6	0
Winding . . . . .	0	3	3
Warping and knitting . . . . .	1	2	0
Cutting, tailoring (inclusive of thread) . . . . .	1	11	0
Repairing of fabrics . . . . .	0	1	6
Ironing inclusive of coal . . . . .	0	4	6
Labelling, etc. . . . .	0	6	0
Packing (one in one box) . . . . .	1	0	0
Total . . . . .	6	2	3

3. Supervision charges and office expenses . . . . .	0	9	0
4. Power, fuel and light . . . . .	0	6	9
5. Stores including needles . . . . .	0	3	6
6. Water (it has been accounted for in dyeing) . . . . .	...		
7. Repair and maintenance . . . . .	0	1	6
8. Packing (it has been accounted for in No. 2) . . . . .	...		
9. Any other charges . . . . .	...		
Total . . . . .	1	4	9

Total manufacturing cost . . . . .	7	7	0
Less value of waste recovered . . . . .	0	1	0
Net total manufacturing cost . . . . .	7	6	0

*Overheads.*

	Rs.	A.	P.
10. Rents, rates and taxes . . . . .	0	7	6
11. Insurance . . . . .	0	1	6
12. Selling expenses: Agents . . . . .	2	1	0
13. Agents' commission and office allowance, if any . . . . .	...		
14. Depreciation . . . . .	0	1	0
15. Capital charges . . . . .	0	4	0
Total . . . . .	2	15	0
Grand total . . . . .	32	9	3

Slipovers of this quality are sold at Rs. 33 to Rs. 33-12 per dozen in the market.

*(f) Mufflers (one dozen).*

Quality of yarn used—Marino.

Counts of yarn—2/32.

Size—9" x 54".

1. *Cost of yarn—*

Ready weight of one dozen such mufflers is 3 lbs. 4 oz.

Calculating 10 per cent. loss in weight of the yarn, the price of 1 lb. is Rs. 2-14-9.

There is further 10 per cent. wastage in the manufacture of mufflers.

Therefore cost of yarn actually consumed in making one dozen mufflers (3 lbs. 8 oz.) is Rs. 10-3-9.

2. *Manufacturing cost.—Wages of labour (including bonus and all allowances):*

	Rs.	A.	P.
Dyeing charges . . . . .	0	7	6
Winding charges . . . . .	0	1	3
Knitting . . . . .	0	10	0
Cutting, sewing and repair of fabric, etc. . . . .	0	3	0
Ironing inclusive of coal, etc. . . . .	0	4	0
Fringes . . . . .	0	4	0
Labelling, etc. . . . .	0	2	3
Packing (6 in a box) . . . . .	0	4	0
Total . . . . .	2	4	0

3. Supervision charges and office expenses . . . . .	0	3	6
4. Power, fuel and light (worked by hand) . . . . .	...		
5. Stores including needles . . . . .	0	2	0
6. Water (already accounted for in dyeing) . . . . .	...		
7. Repair and maintenance . . . . .	0	1	6
8. Packing (already accounted for in No. 2) . . . . .	...		
9. Any other expenses . . . . .	...		
Total . . . . .	0	7	0

Total manufacturing cost . . . . .	2	11	0
Less value of waste recovered . . . . .	0	0	6
Net total manufacturing cost . . . . .	2	10	6

*Overheads.*

	Rs.	A.	P.
10. Rents, rates and taxes . . . . .	0	2	0
11. Insurance . . . . .	0	0	6
12. Selling expenses—			
(a) Expenses of sales through agents . . . . .	0	11	0
(b) Shops . . . . .	...		
13. Agents' commission and office allowances, if any . . . . .	...		
14. Depreciation . . . . .	0	1	0
15. Capital charges . . . . .	0	4	0
Total . . . . .	1	2	6
Grand total . . . . .	14	0	9

The sale price of these mufflers is Rs. 15 per dozen.

5. *Production of hosiery goods and wastage of yarn in the processes of manufacture.*—In my letter No. 1525, dated the 5th February, 1935, it was reported that the wastage of yarn in the hosiery industry was estimated at 30 to 33½ per cent. by the people in the trade. This estimate was obtained from leading hosiery manufacturers of Ludhiana and included wastage on the following accounts. They still stick to this estimate.

	Per cent.
(1) <i>Shortage in weight of the bundle.</i> —It is alleged that a 10 lbs. bundle when weighed in the factory turns the scale at about 9 lbs. This is counted towards "wastage" by the factory owners . . . . .	10
(2) <i>Winding.</i> —The wastage is estimated at 2 per cent. . . . .	2
(3) <i>Knitting.</i> —The wastage is estimated at 2 to 3 per cent. . . . .	3
(4) <i>Tailoring.</i> —The wastage under this head is estimated at 15 per cent. . . . .	15
Total . . . . .	30

The consumption of yarn for hosiery goods in Lahore was reported to be 110,000 lbs. and the production of hosiery goods 105,000 lbs. which gives a wastage of 4.5 per cent. In supplying these figures, the Lahore manufacturers did not allow for shortage of weight in the bundles of yarn and allowed for wastage of 4.5 per cent. in winding and knitting only as the wastage in tailoring was not considered by them to be wastage in "yarn". The wastage of yarn on all accounts given above is estimated by the Lahore manufacturers at 18 per cent. to 22 per cent. The lower wastage of yarn in Lahore is attributed to more modern machinery employed and to lighter fabrics produced by the Lahore manufacturers. The installation of more modern machinery in Lahore is responsible for higher production as well.

6. *Italian tweeds* (vide in this connection page 3 of Director of Industries' letter No. 16028, dated the 22nd December, 1934). Enquiries made at Lahore and Amritsar show that no Italian tweeds have been imported or sold in these markets for the last three or four seasons. About 200 bales (of 400 yards each) of plain, striped and checked Shoddy Melton cloth of Italian origin were, however, sold in the last winter in the Amritsar market,



which appear to have been mistaken for tweeds by retailers. Two samples of this cloth are attached herewith. The width of the cloth is 52"-54" and weight 16 to 17 oz. per yard. The prices ranged between Rs. 1-8 to Rs. 1-10 per yard. This cloth is included in the "cheap quality overcoatings (80 per cent.)".

7. *Prices of wool and yarn at Haiderabad in the Mianwali district and at Panipat.*—In reply to Question No. 9 of the Questionnaire, the average price per lb. has been quoted in respect of the wool available at various centres, whereas varying prices were quoted for the yarns prepared there. This is explained below.

The wool as it is brought for sale in the market contains fibres of all grades and is sold without any appreciable attempt at sorting or grading. The buyers sort it into different colours and staples and have the yarn spun according to their requirements. The soft and long staple wool is spun into fine yarn of higher counts and short staple wool into yarns of lower counts. It has been ascertained on enquiry that out of a maund of wool 10 seers is of good quality long staple and the rest coarse wool of short staple. The current prices of wool and woollen yarn at Dhudial and Qila Sobha Singh are as follows:—

*White wool.*—Rs. 24 per maund. Yarn Rs. 50 to 60 per maund.

*Black wool.*—Rs. 15 per maund. Yarn Rs. 40 per maund.

The price of first quality wool selected from one maund of white wool may be taken at Rs. 32 to Rs. 35 per maund. The price of yarn spun from it ranges from Rs. 65 to Rs. 75 per maund, and of extra fine quality from Rs. 90 to Rs. 100 per maund.

The wool of Haiderabad and Mankera in the Mianwali district is not of good quality. This tract is sandy and the wool has a considerable admixture of dust and sand. After washing it loses 40 per cent. of its weight. The current price of the October clipping is Rs. 12 per maund and of the April clipping Rs. 13 per maund. After washing and drying the wool at these places is sorted into long and short staple and spun into yarn of different counts. The following table shows the calculated prices of wool and yarn used in the manufacture of lukars and *tat* (coarse) cloth at Haiderabad and Mankera:—

Quality of wool.	Calculated price per maund of wool.	Current price of yarn per maund.
	Rs.	Rs.
Short staple coarse wool for the manufacture of <i>tat</i> (coarse cloth) . . .	8	20
Wool for manufacturing lukars with 600 threads in 27" warp . . .	25 to 30	50 to 60
Wool for manufacturing lukars with 700 threads in 27" warp . . .	30 to 35	60 to 70
Wool for manufacturing lukars with 800 threads in 27" warp . . .	45	80
Wool for manufacturing lukars with 1,000 threads in 27" warp . . .	55 to 65	100 to 120

In December 1934, the average price of white and black wool at Panipat was Rs. 32 per maund and for black and light black varieties Rs. 18 to Rs. 22 per maund, while the price of yarn from white wool was Rs. 55 to Rs. 60 per maund and from black wool Rs. 40 to Rs. 45 per maund. It so happens that at the present time the price for all varieties of wool available at Panipat is Rs. 27-8 per maund, while the price of yarn per maund is Rs. 37-2-6, but this is exceptional and the prices prevailing in December 1934 are really normal.

### Chief Commissioner, Delhi.

*Letter No. 74-Commerce, dated the 3rd January, 1935.*

*Subject:—APPLICATION FOR PROTECTION BY THE WOOLLEN INDUSTRY.*

In reply to your letter No. 379, dated the 2nd November, 1934, on the subject noted above, I have the honour to enclose 7 copies of a letter No. 2892-I. S., dated the 21st December, 1934, from the Industrial Surveyor, Delhi, which deals with the subject. Neither the Deputy Commissioner, Delhi, nor I have any remarks to offer.

Enclosure.

No. 2892-I. S.

From

The Government Industrial Surveyor, Delhi,

To

The Deputy Commissioner,  
Delhi Province, Delhi.

*Dated Delhi, the 21st December, 1934.*

*Subject:—APPLICATION FOR PROTECTION BY THE WOOLLEN INDUSTRY.*

With reference to your endorsement No. 7717-M., dated the 26th November, 1934, on the above subject, I have the honour to state that although the time at my disposal for the compilation of the statistics required by the Tariff Board has been very short every endeavour has been made to collect the information relating to the local woollen industry.

2. At the very outset it has to be stated that Delhi produces no wool nor is there any market for raw wool in this province. Consequently, wool spinning, although practised locally on a restricted scale has little economic value or importance. Similarly the woollen textile industry (weaving) hardly exists there being no weaving mills, the local demand being met from outside. Delhi, however, by her situation, is one of the most important centres of trade for woollen textiles, knitting (worsted) yarn, etc.

3. The knitting of wool is however practised as a small scale industry. The small-scale factories do not appear to derive any protection worth the name, from the levy of 30 per cent. duty on yarn and 35 per cent. on finished products. It is estimated that about five per cent. of the yarn goes as waste during the process of manufacture and about 15 per cent. in finishing and tailoring operations. This means that for every hundred lbs. of yarn purchased, the manufacturer can effectively put back in the market only eighty lbs. of yarn in the shape of finished products. In the circumstances, the cost of production including labour charges, packing, etc., does not leave an adequate margin with which to meet foreign competition. Hence the plea is advanced for the imposition of a heavier duty on imported woollen goods for the protection of the knitting industry. If, on the other hand, the yarn is also subjected to duty the cause of the knitting industry which is solely dependant on imported woollen yarn would be jeopardised as in that case there will be a rise in the cost of the imported yarn with the result that the Indian spinning mills would reap the advantage of the situation. This would tend to the eventual wiping out of this form of small-scale industry.

4. The number of small-scale factories with an estimated investment of capital together with the number of persons employed in the knitting industry is shown below:—

	Small-scale factories using both hand- labour and power.	Small-scale factories not using power.
Number of factories .	7	3
Estimated invested capital . . . .	Rs. 1,35,000	Rs. 6,500

Number of persons employed in—	Full season.		Off season.	
	Full season.	Off season.	Full season.	Off season.
1928 . . . .	85	44	...	...
1929 . . . .	127	69	5	5
1930 . . . .	150	79	5	5
1931 . . . .	222	113	5	5
1932 . . . .	344	120	18	16
1933 . . . .	315	125	12	12
1934 . . . .	263	103	10	8

5. The average wages paid in factories using power and in those not employing power are shown in the following tabular statement:—

	Small-scale factories using both hand-labour and power.	Small-scale factories not using power.
	Rs. per month.	Rs. per month.
Tailor . . . . .	20—30	15—20
Ironer . . . . .	12—13	10—12
Machinists (picee-wagers)—		
Hand . . . . .	15—18	15—18
Power . . . . .	20—25	...

6. The following are the number and description of knitting machines employed in the local industry:—

Description.	Number.
Rashel looms . . . . .	11
Round knitting machines . . . . .	34
Flat knitting machines . . . . .	44
Other hand-operated knitting machines . . . . .	110

7. The articles generally produced are pull-overs, mufflers, socks, hoses, banians and lady's coats.

8. No raw wool is used in the local industry. The yarn which is employed locally is commonly imported worsted yarn of the marino quality.

9. The estimated local consumption of yarns together with the estimated annual outturn in pounds of woollen goods is indicated in the following tabular statement:—

	Small-scale factories using both hand-labour and power.		Small-scale factories not using power.	
	Consumption of worsted yarn. (Weight in lbs.)	Out-put of finished pro- ducts. (Weight in lbs.)	Consumption of worsted yarn. (Weight in lbs.)	Out-put of finished pro- ducts. (Weight in lbs.)
1928 . . . .	13,300	10,750	...	...
1929 . . . .	18,250	14,125	500	435
1930 . . . .	22,350	17,800	600	520
1931 . . . .	28,400	21,450	600	500
1932 . . . .	43,800	35,630	1,050	660
1933 . . . .	41,950	34,575	680	380
1934 . . . .	35,450	29,350	225	...

10. The average price paid for the wool worsted yarn varies from Rs. 2-10 to Rs. 3 per pound. Varieties of counts are used in the industry ranging from 20s to 50s. The raw material is purchased from the local market as well as from Calcutta.

11. Carding, spinning and weaving of wool is not practised in this province on any commercial scale.

12. Generally, the difference between the cost price and the selling price amounts to five per cent.

13. The cottage and small-scale factory industry is generally financed by the owner. Loans are obtained at an usual rate of interest of 12½ per cent. per annum on mortgage of machinery.

14. As at present, ready market is found locally, the excess being sent out to the neighbouring consuming centres through usual commercial agencies.

15. There are at present no such industries locally which may be affected by the imposition of a protective duty on woollen or worsted yarns or other woollen manufactures.

16. State-aid to industry, although provided for in the five-year-programme of technical and industrial education for Delhi Province and subsequently applied for, has not been made available as it still awaits Government's sanction.

17. Keen competition to indigenous products is offered from Japan which will be amply indicated from the following schedule of prices of a few common and popular articles of utility:—

Kinds of goods.	U.K.		Continent and U.S.A.		Japan.	Local.
	Rs.	A.	Rs.	A.	Rs.	A.
Pullovers, plain, 40"	5	8	5	0	3	0
			U.S.A.			
			4	8		
			Gery.			
Mufflers, plain, 9" x 4½"	2	8	2	4	1	4
			U.S.A.			
			2	0		
			Gery.			
Socks, 11"—¾ plain	1	8	1	8	0	12
			U.S.A.			
			1	6		
			Gery.			
Banians	3	0	2	12	1	8
			U.S.A.			
			2	10		
			Gery.			
			1	6		
			Gery.			

18. It may be noted that out of a total of ten manufacturing concerns five closed down under the pressure of foreign competition within a year and a quarter. Except in the case of three factories the capital invested in others is less than Rs. 5,000 each. In so far as I am informed the three major factories are also fairly heavily involved and the financial position is hardly satisfactory.

### Government of the Central Provinces.

(1) Letter No. 24-1-XIII, dated the 4th January, 1935.

Subject:—APPLICATION FOR PROTECTION BY THE WOOLLEN INDUSTRY.

I am directed by the Governor-in-Council to refer to your letter No. 379, dated the 2nd November, 1934, on the subject noted above, and to forward a

note (with 7 spare copies) furnishing replies to the points raised in paragraph 2 thereof. I am to say that the time allowed for the reply has been too short to allow of a detailed investigation of the industry.

2. As regards paragraph 3 of the Board's letter, I am to say that such statistics pertaining to imports into and exports from this province as are available have been furnished for the years 1927-28 to 1932-33, and in one case for the year ending the 31st March, 1934 also. No pamphlets or reports regarding the woollen industry in this province have been published by the local Government.

3. In regard to the point raised in paragraph 4 of the letter, I am to say that the woollen industry in this province is confined to the manufacture of coarse blankets woven by Dhangers, Gadarias and others using local wool for the best part, and it has therefore not been seriously affected by the competition of the better classes of goods imported into the province.

4. With reference to the Board's letter No. 387, dated the 5th November, 1934, I am to say that so far the Agriculture Department of this province has not been able to devote any attention to the question of improving the quality of the local wool. Nor is the problem considered to be of any pressing importance in view of the small scale of the industry and the quality of the products demanded.

5. I am to add that the information called for in your letter No. 431, dated the 24th November, 1934, is being collected and will be supplied as soon as possible.

Enclosure.

*Note on the Woollen Industry in the Central Provinces and Berar.*

1. *General.*—There is no woollen mill in the Central Provinces and Berar. The woollen industry in this province is a cottage industry. There are a few small factories using woollen yarn, and such information as is available pertaining to these latter establishments is also included in the following paragraphs.

The cottage industry in this province is practised in scattered villages practically all over the province. Districts where this industry is of some importance are Nagpur, Bhandara, Wardha and Chanda in Nagpur Division, Amraoti, Buldhana and Yeotmal in Berar and Raipur, Bilaspur in Chhattisgarh Division, Saugor and Jubbulpore Districts in the Jubbulpore Division.

2. *Raw wool sources and its methods of supply.*—The raw wool used in the cottage industry is supplied by shepherds who shear the sheep twice a year and hand it over to dealers for disposal. In some cases weavers purchase their supplies of raw wool from the shepherds direct. Merchants dealing in raw wool get some quantity from outside the province, the chief centres of supply being Lalitpur, Rutlam and Warangal (in the Nizam's territory). Local inquiries indicate that there are at least 45 merchants dealing in raw wool for the cottage industry. At an average rate 200 maunds of raw wool is sold by each merchant. Thus the total quantity used by the cottage industry in this province may be roughly estimated at 9,000 maunds per annum. A statement showing the quantity of raw wool imported into and exported from the Central Provinces and Berar during the years 1927-28 to 1933-34 is given below:—

Year ending 31st March.	Imports into the C. P. & Berar in Maunds.	Exports from the C. P. & Berar in Maunds.	Net imports.
			Mds.
1927-28 . .	565	419	146
1928-29 . .	732	443	289
1929-30 . .	828	175	653
1930-31 . .	512	314	198
1931-32 . .	387	260	127
1932-33 . .	277	153	124
1933-34 . .	411	112	299

Some of the merchants sell such wool as is obtained from sheep skins while tanning. The quantity of such material is on the increase during recent years and it has not been possible to ascertain the exact proportion of such raw wool to the sheared fleece sold by the merchants to the cottage workers. Assuming that nearly 9,000 maunds of raw wool has been annually sold by merchants to the cottage workers as above stated, 262 maunds representing the average quantity of net imports for the last 7 years has to be deducted from it to arrive at an approximate estimate of the total quantity of wool produced in the province. Thus the raw wool produced locally may be assumed to be 8,738 maunds. Of this about 735 maunds may be roughly taken to represent the superior quality of sheared white fleece at present sold at Rs. 30 a maund and nearly 2,000 maunds represent the black or dark brown wool sold at Rs. 22 per maund and another 5,000 maunds in the mixed variety of wool sold at Rs. 18 to Rs. 20 per maund. Fleece obtained from sheep skins is said to have been sold at Rs. 12 to Rs. 14 per maund. This last named wool is invariably mixed with the above variety of mixed wool and sold at a higher price. The rates of raw wool just mentioned are the current market rates prevailing at Nagpur and Raipur. Calculated on this basis the value of wool reported to have been produced in this province is as follows:—

	Rs.
(1) White fleece, superior variety, 735 maunds, at Rs. 30 per maund . . . . .	22,050
(2) 2,000 maunds black or dark brown wool at Rs. 22 per maund . . . . .	44,000
(3) 5,000 maunds of mixed wool at Rs. 18 per maund is . . . . .	90,000
<b>Total</b> . . . . .	<b>1,56,050</b>

*Number of persons employed in the Cottage Industry, viz., wool carding, spinning and weaving and the volume of output.*—According to the Census of 1931 there are 2,651 principal workers following wool spinning, carding and weaving as the main occupation, 1,565 males and 1,086 females, while 148 males and 981 females have also been returned as working dependants. This number is much below the actual number employed in wool weaving because several persons partly employed on weaving wool must have been returned in the Census as cotton weavers or field labourers. From local enquiries it is learnt that at least 3,280 persons are at present engaged in producing coarse blankets for the villagers. Wool weaving is done by the males alone while carding and spinning of wool is done by females. For all these workers wool carding, spinning and weaving are part time occupations continued for a period of only 3 months in a year while rest of the year they weave coarse cotton fabrics or work as labourers in the fields. Each weaver produces one coarse blanket or "Ghongda" a day and uses approximately  $1\frac{1}{2}$  seers coarse hand-spun woollen yarn. The number of blankets thus produced may be put down at 75 per loom for the whole year (i.e., for a period of 3 months which is the working season in blanket manufacture). Calculated on this basis the total number of coarse blankets produced in this province is roughly 2,46,000 (number of males multiplied by 75). Each such blanket is sold in the local market for Re. 1-8 to Re. 1-12. Thus the total value of the output of cottage workers is roughly Rs. 4,30,500.

The quantity of wool consumed in the manufacture of these blankets is about 9,000 maunds.

The cottage weaver purchases raw wool from the merchants and usually gets it carded and spun into yarn by the women folk of his household. In some cases carders and spinners of wool are given work by weavers for wages paid at the rates of anna 1 per seer for carding and As. 2 per seer for spinning. The weaver himself earns about As. 6 daily for each blanket. The output is readily sold in the villages, where it is used by field workers as a protection against rain and cold.

3. *Competition between local output and similar material imported into the province.*—There is practically no competition between foreign imported coarse blankets and the local output but some coarse material woven in other parts of India, *viz.*, Madras, Nizam's Dominions, Bihar and Orissa, Punjab and Bombay are sold in towns and such coarse material is preferred by the purchasers to the local fabric as the village products of the Central Provinces do not at all come for sale in the towns. Such villagers as live near about the towns purchase imported Indian blankets. The market for coarse woollen blankets of the town is confined to the labouring classes living in the towns and a few surrounding villages. Well-to-do people preferably purchase costly varieties of blankets and rugs imported either foreign or Indian.

4. *Manufactured articles of wool imported into the Central Provinces and Berar.*—(1) A statement showing wool manufactured imported into and exported from the Central Provinces and Berar for the years 1927-28 to 1932-33 for Carpets and Rugs alone is shown below:—

Year.	Imported in	Exports from	Net imports.
	C. P. & Berar.	C. P. & Berar.	
	Mds.	Mds.	Mds.
1927-28 . . .	1,721	205	1,516
1928-29 . . .	2,173	432	1,741
1929-30 . . .	1,558	185	1,373
1930-31 . . .	1,195	151	1,044
1931-32 . . .	823	90	733
1932-33 . . .	1,515	258	1,257
Total . . .	...	...	7,664

(2) A separate statement showing wool manufactured, *i.e.*, piecegoods imported into and exported from the Central Provinces and Berar representing foreign and Indian separately is shown below:—

Year.	Foreign.		Indian.	
	Imports into	Exports	Imports	Exports from
	C. P. & Berar.	from C. P. & Berar.	into C. P. & Berar.	C. P. & Berar.
	Mds.	Mds.	Mds.	Mds.
1927-28 . . .	239	...	283	...
1928-29 . . .	211	...	235	5
1929-30 . . .	83	...	170	...
1930-31 . . .	29	...	167	4
1931-32 . . .	12	...	166	2
1932-33 . . .	68	...	625	20

(3) To facilitate a comparative study of the imports and exports a statement showing the total of wool manufactured including "other sorts of manufacture" is given below. A separate statement of imports into and exports from the Central Provinces for "wool manufactured, other sorts of manufacture" is also furnished below. Total wool manufactured including "other sorts of manufacture".

Year.	Import into	Exports from
	C. P. and Berar.	C. P. and Berar.
	Mds.	Mds.
1927-28 . . .	7,206	404
1928-29 . . .	9,451	589
1929-30 . . .	7,112	452
1930-31 . . .	4,425	389
1931-32 . . .	4,189	256
1932-33 . . .	4,774	473

Statement of imports into and exports from the Central Provinces showing "wool manufactured other sorts of manufacture" representing all sorts of wool manufactured [excluding (1) carpets and rugs, (2) piece-goods foreign and Indian] is given below:—

Year.	Imports into	Exports from	Net imports.
	C. P. and Berar. Mds.	C. P. and Berar. Mds.	
1927-28 . .	4,913	199	4,714
1928-29 . .	6,832	152	6,680
1929-30 . .	5,301	267	5,034
1930-31 . .	3,034	234	2,800
1931-32 . .	3,188	164	3,024
1932-33 . .	2,566	195	2,371
Total . .	...	...	24,623

From a perusal of the above statement it will be seen that in the statistics pertaining to wool manufactured other sorts, this province imported annually on an average for the last 6 years 4,104 maunds of which it may be assumed nearly 75 per cent. represented knitting yarn of all descriptions. It is difficult to determine the exact percentage of Indian and imported quantities out of this material but the wholesale dealers state that almost the whole represents imported foreign knitting yarns of all descriptions while a little over 5 per cent. is said to be Indian. Knitting wool yarn is used mainly by women in households for garment knitting and is sold in the local market at Rs. 3 per pound. There are some knitting establishments working at Nagpur which use Indian knitting wool alone. Most of the output of these establishments is cotton while only a few machines turn out woollen hoses using approximately 500 pounds of wool per annum. Superior hoses for gentlemen's wear are imported from the United Kingdom and Japan and there is no competition between the local output and the kind of imported hosiery referred to above.

5. *Carpet and rugs.*—From a perusal of the statement of imports and exports it will be seen that the average net imports into the Central Provinces and Berar amount to 1,277 maunds per annum for the 6 years. As this province does not import carpets on a large scale it is presumed that almost the whole of the imports represents rugs. Rugs of Italian manufacture are predominantly more than those manufactured in India. An Italian rug of superior quality is sold in the local market for Rs. 14 a piece while the same was sold in 1928 for about Rs. 19-8. From local enquiry it is noticed that the price of the above variety of rug was constant for 2 years, viz., 1929 and 1930 while the price fell to Rs. 18 in 1931, Rs. 17 in 1932, Rs. 16 in 1933 and Rs. 14 in 1934. Identically similar quality of rug manufactured by the Cawnpore Woollen Mills known as reversible No. 8 rug is at present sold at Nagpur for Rs. 22-8 while its price was Rs. 30 in 1928. The volume of trade in rugs is represented by 85 per cent. Italian and 15 per cent. Indian mainly of Cawnpore. Foreign rugs are appreciated locally for their superior appearance and cheapness though several varieties of these rugs contain a certain percentage of cotton.

It may be definitely stated that there is severe competition between Indian rugs, and those imported from Italy.

6. *Piecegoods imported—Indian and Foreign.*—From a perusal of the two statements showing imports and exports of Indian and Foreign piecegoods it will be seen that this province used more of Indian wool manufactured piecegoods than foreign. For the last 5 years exports were comparatively less which were practically re-exports. There are no concerns here manufacturing woollen piecegoods of any kind. Local dealers have therefore no complaint about competition between Indian and foreign piecegoods.



7. *Shawls and Lohis*.—No statistics are available about the import of shawls separately. These are included under the head "Wool manufactured other sorts of manufacture" which include a variety of articles. Local enquiries indicate that imports from Japan and Germany have superseded Indian manufactured shawls in the local market. Competition in this variety is very keen. Retail prices prevailing at Nagpur to-day are Rs. 5 per piece for a Germany shawl as compared to Rs. 11 for all-wool Indian one.

8. Referring to the information particularly desired by the Tariff Board in paragraph 2 of their letter, the following information is furnished:—

(1) *Number of small scale factories using power and not using power, etc.*—There are no factories using power for woollen manufacture of any kind in this province. Carpet weaving factory of the Swedish Mission, Saugor, and Messrs. C. Dorabjee's Knitting Factory, Nagpur, are the only establishments working as small factories which are not using power. An approximate estimate of the capital invested in the above two establishments is Rs. 1,000 and Rs. 12,000 respectively.

(2) *Number of persons employed in the industry.*—(a) In factories using power nil. (b) 50 persons are working in factories and 3,280 men and 2,067 women in cottage not using power.

(3) *Average wages paid in (a) and (b).*—(a) Nil. (b) About As. 8 a day in factories not using power and As. 6 a day for males and As. 4 a day for females as cottage workers. For the cottage workers the amount shown as wages represents their average daily earnings by blanket manufacture.

(4) *Number of charkhas, looms or knitting machines.*—Number of charkhas is approximately 2,067 at the rate of one per each woman worker and number of looms used in blanket manufacture is approximately 3,280 at the rate of one per each man, knitting machines using wool may be mentioned as 12.

(5) *What articles are produced?*—Coarse hand spun yarn and coarse blankets by the cottage workers, gent's hoses on knitting machines and pile carpets on carpet weaving frames at Saugor.

(6) *Kinds and qualities of wool used both indigenous and imported.*—Cottage workers use hand spun yarn made out of mostly indigenous raw wool, while the knitting factory at Nagpur and the carpet weaving establishment at Saugor use Cawnpore mill spun woollen yarn. It must be stated here that imported woollen yarn is used garment knitting in households all over the province; the number of workers and the quantity of wool used by them is not known.

(7) *Whether the yarn (a) is spun locally by hand, (b) is Indian mill spun yarn or (c) imported.*—As already stated above cottage workers use hand spun yarn while the knitting and carpet factories use the Indian mill spun yarn. Women and girls in towns use imported and Indian knitting yarns for garment manufacture.

(8) *Some estimate of the amounts of raw wool and yarns consumed under the headings (6) and (7) (a), (b) and (c).*—Raw wool used by cottage workers is approximately 9,000 maunds including net imports and local wool, mill spun yarn used by the knitting factory at Nagpur is about 300 lbs. and that consumed by the Mission Establishment at Saugor is 700 lbs.

(9) *Average price per lb. paid for the wool, etc.*—Raw wool is purchased by cottage workers at about As. 4 per lb. while the prices paid for woollen yarns used by the two establishments are not available. The cottage workers take such quantities as they may require from the dealer and pay him cash down to the extent of 50 per cent., the balance being usually paid in a month or six weeks.

(10) *Some estimate of the total annual output in lbs. of woollen goods under the headings referred to in (5) above.*—Approximate quantity of blankets produced is 24,600 pieces of several sizes and weights varying from 2 lbs. to 4 lbs. each in weight and 7 feet by 48 inches to 9 feet by 72 inches in size.

(11) *What is the system of carding, spinning and weaving generally followed by the handloom industry?*—Raw wool is purchased by the cottage workers and handed over to their women folk for carding, for which one anna per seer is usually paid by the weaver if outside labour is employed. The method of carding is almost similar to the process adopted for cotton carding which is done by means of a stringed bow and a wooden weight. This simply loosens the fibre and cleanses it also to some extent. The spinner use invariably a charkha and holds a quantity of wool between two dry leaves and proceeds with spinning as in cotton spinning. For warp yarn some care is devoted to import additional strength and achieve some uniformity while the weft yarn is more fluffy and uneven. Warp yarn is sized for a length of one blanket consisting of 3 pieces of 18 inches each and is usually 24 to 26 feet in length. This is sized by tamarind seed starch and taken on to the loom. No complicated loom is employed for this work but the warp is stretched on a frame with a pit in the middle. "The loom resembles the primitive pit loom used in cotton weaving. Actual weaving is done by means of a plank or stick inserted across the warp with a quantity of weft yarn wound thereon. A shuttle of the throw-shuttle kind is sometimes used. Woven cloth is sewn together and sold in the local market.

(12) *Average cost price and selling price of articles enumerated in question (5).*—Cost price of a blanket is represented by the cost of raw wool 3 lbs. in weight at As. 4 per lb. As. 12, for carding As. 1-6, wages for spinning As. 3, total Re. 1-0-6. Sale price of such blanket is Re. 1-8 in the local market.

(13) *How is the cottage and small scale factory financed, interest on loans, etc.?*—The cottage industry is not organised and the system of financing is regulated between the worker and the merchant supplying raw material. The worker is usually allowed credit facilities by the merchant dealing in raw wool who charges interest at the rate of 3 pies to 6 pies per rupee per month.

In most cases the loan is not kept pending for a long time but discharged by the weavers before the month is over or the second month. The demand for coarse blankets in the rural areas being good, cases of bad debts are very few.

(14) *Has the industry been assisted by Government by the grant of loans or in any other way?*—This industry has been assisted by practical demonstrations at Kamptee for nearly 10 years.

(15) *What are the marketing arrangements for the disposal of the articles produced?*—There are no special arrangements for the disposal of handloom woven articles. The articles find a ready sale in the weekly markets held in surrounding important villages.

(16) *Are there any other industries which are likely to be affected by a protective duty on woollen yarns, etc.?*—There are no such industries in this province.

As a result of local enquiry it is found that there is severe competition between Indian rugs, shawls and lohis and rugs from Italy and shawls and lohis from Japan and Germany.

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(2) *Letter No. 44, dated the 17th January, 1935, from the Tariff Board, to the Director of Industries, Central Provinces, Nagpur.*

With reference to your note on the Woollen industry forwarded to the Tariff Board by the Government of Central Provinces, Finance Department, letter No. 24/1/XIII, dated the 4th January, 1935, I am directed by the Board to request you to be so good as to report from what statistics the figures given in your paragraph 4 are obtained. In the Indian Customs Returns imports of "blankets and travelling rugs" are given under a separate heading, "carpets and rugs" referring to floor coverings only. Will you please confirm that the rugs in sub-paragraph (1) of paragraph 4 do relate to travelling rugs and not to floor rugs?

(3) *Letter No. 639/D., dated the 31st January, 1935, from the Director of Industries, Central Provinces.*

**Subject:—TARIFF BOARD ENQUIRY ON THE WOOLLEN INDUSTRY.**

With reference to your letter No. 44, dated the 17th January, 1935, on the above subject, I have the honour to state that the figures given in paragraph 4 of my note on the Woollen Industry are obtained from the annual reports on the rail-borne traffic of the Central Provinces and Berar published by this department.

The heads of classification and articles under it are given in the "Classified list of the Commodities that enter into the Inland (rail and river-borne) trade of India" published by the Director of Statistics, Calcutta, in 1921. This list makes no difference between travelling rugs and flooring rugs.

### **Government of Bihar and Orissa.**

(1) *Letter No. 257/II-C-11—35-Com., dated the 19th January, 1935.*

#### **APPLICATION FOR PROTECTION BY THE WOOLLEN INDUSTRY.**

I am directed to refer to your letter No. 379, dated the 2nd November, 1934, asking for certain information about the woollen industry carried on within the jurisdiction of this Government in respect of I—the Mill Industry and II—the small factory and cottage industry.

2. In reply I am to say that as regards the Mill Industry there is only one factory in this province, *viz.*, that in the Bhagalpur Central Jail, and the local Government presume that information regarding this factory is not required by the Tariff Board as no mill of the province is mentioned in the statement of the mills referred to in the letter.

3. In respect of II—the small factory and cottage industry—I am to enclose an extract (with 7 spare copies) from a memo. received from the Director of Industries, Bihar and Orissa, furnishing the information required as far as possible.

Enclosure.

*Extract from note sheet of Revenue Department File No. 11C-11 of 1935.*

#### **SECTION II.—SMALL FACTORY AND COTTAGE INDUSTRY.**

(1) There are no small factories worked either by power or hand. But wool spinning and weaving is being carried on as a cottage industry in the province. There are also three teaching institutions, *i.e.*, the Wool Weaving Institute at Gaya, St. Ritas Knitting school at Bettiah (Champaran) and the Cottage Industries Institute at Gulzarbagh, where worsted and woollen yarn is being used for knitting and the weaving of blankets, lohis and carpets.

(2) (a) *Nil.*

(b) As per Census of 1931, 4,381 persons are employed wholtime and 1,385 part-time in wool spinning and weaving.

(3) (b) Reliable information as regards earnings is not available. The same is roughly estimated to be not more than Rs. 10 per month per family.

(4) As per Census of 1921, 2,283 blankets looms are reported to be worked in this province. The number of charkhas is not known.

(5) Wool is spun by hand on charkhas for weaving blankets and carpets.

(6) Only indigenous wool is being used by cottage workers.

(7) The yarn is spun locally by hand.

(8) It is estimated that about 18,500 maunds of indigenous wool is being used locally in the manufacture of blankets and carpets. The figure is, however, only a rough estimate.

(9) The price of local wool is about 5 annas per lb. and that of hand spun yarn about 9 annas per lb.

(10) The information is not available.

(11) The wool is not washed but is carded with the help of a bow. It is spun on a charka and woven on a crude primitive loom in strips of about a foot in width.

(12) A coarse blanket weighing about 2 lb. is sold for about Re. 1-8 each by the weavers themselves. The difference between the price of the wool and that of the blanket woven represents the earnings of the weaver and his family.

(13) The industry is sometimes financed by the village Banias who charge interest at rates at which loans are usually advanced to agriculturists. It is understood that the rate of interest varies from 12 to 25 per cent.

(14) The assistance rendered by the local Government is in the improvement of the technique of spinning and weaving. For this purpose labour-saving appliances, fast dyes and new patterns are being introduced among the blanket weavers through two itinerant instructors and a wool weaving institute at Gaya. No loans are being granted by the local Government.

(15) There is no organization for marketing the products of blanket weavers. The weavers themselves sell the blankets and carpets direct to customers or to village Banias in the off-season.

(16) There is no other industry in the province which is likely to be affected by a protective duty on woollen or worsted yarns or other woollen manufactures.

*Para. 3.*—No separate pamphlet or report has been published by this department regarding the industry.

*Para. 4.*—The local industry of blanket weaving is affected to some extent by the import of cheap blankets from foreign countries. But the demand for local blankets is falling off due mainly to their coarse texture and unattractive designs. The Wool Weaving Institute at Gaya is endeavouring to remove these defects by teaching local weavers (gandedis) the use of improved appliances and fast dyes.

(2) *Letter No. 258/II-C-11/35-Com., dated the 19th January, 1935, from the Government of Bihar and Orissa, Patna.*

#### APPLICATION FOR PROTECTION BY THE WOOLLEN INDUSTRY.

In reply to your letter No. 387, dated the 5th November, 1934, I am directed to say that no work has been undertaken by the Agricultural Department or the Industries Department on the improvement of the quality of local wool.

#### Government of His Highness the Gaikwar of Baroda.

*Letter No. 110 of 1935, dated the 3rd January, 1935, from the Resident at Baroda.*

#### APPLICATION FOR PROTECTION BY THE WOOLLEN INDUSTRY.

I am directed to refer to your letter No. 381, dated the 5th November, 1934, on the above subject and to forward for your information and favour of such action as may be considered necessary in the matter a copy of letter No. C. O. M. 5/91-D., dated the 1st January, 1935, from the Minister of the Baroda State with its enclosures.

Enclosure.

No. Com.-5/91-O.

Huzur Cutcherry,  
Baroda, 1st January, 1935.

To

Lieut.-Col. J. L. R. Weir, C.I.E.,  
Resident, Baroda.

*Subject*:—APPLICATION FOR PROTECTION TO THE WOOLLEN INDUSTRY.

Sir,

With reference to your endorsement No. 29370, dated the 14th November, 1934, on the above subject, I have the honour to state that the Maharani Woollen Mills, Baroda, have gone into liquidation, but efforts are being made to revive them. Before the mills were closed, they made a joint representation to the Government of India, along with other mills, requesting the grant of protection to the woollen industry in the country. The representation was forwarded to you by Rao Bahadur Ambegaokar with his letter No. Com.-11/86-P., dated the 26th January, 1933. A copy of this is enclosed (marked A) for ready reference. It will be seen that the industry has been suffering for a long time from depression and has to stand the competition of foreign imports, particularly imports from Italy. The industry is in need of relief and protection.

2. There are no small scale industries in the State. About 500 persons do the work of carding, spinning and weaving wool. The work is carried on as a subsidiary occupation by agriculturists. The information required by the Secretary to the Tariff Board in regard to this class of industry is given in the annexure marked B.

3. Seven spare copies of the present letter with its enclosures also accompany.

I have the honour to be,

Sir,

Your most obedient servant,

(Sd.) V. T. KRISHNAMACHARI,

Diwan.

#### ANNEXURE A.

E. D. Sassoon Building,  
Dougall Road, Ballard Estate,  
Bombay, 14th November, 1930.

The Secretary to the Government of India,  
Department of Commerce, Simla.

Sir,

The Textile Industry of India has been a prominent subject of discussion and enquiry during the past four or five years. Attention has been centered on the Cotton Mills however and it has not been generally recognised that the equally important woollen side of the Industry is in a most precarious position. We beg leave therefore to draw your immediate attention to this important section of India's industrial development.

Your Department has records of the development of the Industry but we doubt very much whether the serious position of the Mills to-day is realised. There are ten leading Mills in India as follows:—

Name of the Mills.	WOOLLEN.		WORSTED.		Remarks.
	Looms.	Spindles.	Looms.	Spindles.	
New Egerton W. Mills	85	3,800	447	10,400	Partly working. To be closed entirely in the near future.
Cawnpore Woollen Mills	192	4,320	523	18,494	Ditto.
Dharamsi Morarji Woollen Mill	..	..	..	..	Closed, in the hands of Liquidators.
Bombay Woollen Mills	164	4,888	56	3,400	Ditto.
Indian Woollen Mill	90	2,880	30	4,140	Partly working.
Maharani Woollen Mill	48	2,340	14	Nil	Working.
Bajinath Balmukand Woollen Mill.	40	2,100	50	Nil	Closed.
Kalsar-I-Hind Woollen Mill	42	2,340	Nil	Nil	Working.
Bangalore W. C. and S. M.	46	2,804	Nil	Nil	Working.
Raymond Woollen Mill	63	2,880	127	10,400	Closed.
TOTAL	775	27,662	1,247	46,774	

From this statement it will be observed that two Mills have been forced into liquidation, two are entirely closed down and three are partly working and intend to close completely in the near future. It may be safely assumed that the remaining three Mills are not working profitably and the day is not far distant when they will also have to be closed down unless some form of protection against imports of spurious material can be obtained. The outlook for this important industry is poor and it would appear to be on the verge of extinction. The Mills have developed steadily during the past five or six years and unless some form of immediate relief is obtained the calamity of extinction cannot be averted.

Our troubles are not due to world conditions but to conditions peculiar to this country, and amongst the factors contributing to the depression we would mention—

An adverse rate of exchange, and the consequent influx of goods from foreign countries.

Increased imports of foreign goods manufactured from a mixture of wool and cotton shoddy or other inferior textiles, manufactured to pass as pure woollen goods.

Woollen Mills in India produce a comprehensive range of goods but their activities are mainly confined to the manufacture of Blankets and Rugs, Lohis and Serges all pure woollen. It is in regard to Blankets and rugs that we wish to invite your special attention, as it is on these articles that competition is most severe and on which the woollen side of the Mills is dependent (as distinct from worsted side.)

A plant of 800 looms and 28,000 spindles is capable of producing approximately 2,835,000 Blankets or Rugs per annum (basis 60s yarn 30 ozs. per spindle per day less 10 per cent. weaving loss and 20 per cent. finishing loss Blankets 4 lbs. each finished). We should now proceed to compare this figure of potential production with the Imports into India of Foreign Goods of similar construction. Unfortunately the only figures available are those recorded in the Annual Statement of the Sea Borne Trade of British India which are the figures collected by the Customs Authorities. Although the figures are intended to record the import of Pure Woollen articles they

include Blankets and Rugs manufactured from mixed textiles. They may be examined, however, as they shew clearly the enormous inroads foreign manufactures have made into our trade by dumping their shoddy material on our market at prices far below the cost of similar articles manufactured from pure wool. Statement of imports is attached. The figures also show that Indian Mills as equipped to-day are quite capable of producing sufficient quantities to meet the requirements of the Country.

It will be observed that imports from Italy have increased enormously during the last five years and it is this trade which has hit the Indian Industry. The Italian Rug is a cheaper article constructed from waste products largely and it is placed on this market well below our production cost. A medium quality pure woollen Rug weighing  $3\frac{1}{2}$  lbs. costs approximately Rs. 5-12 to manufacture. Against this the popular Italian article is sold at Rs. 3-2 to Rs. 4-8.

As stated above Rugs and Blankets manufactured from shoddy and other mixtures are classified by the Customs under "Wool-Manufactured". According to the Indian Merchandise Marks Act, 1889, Section 2 (2), "Trade Description" means any description, statement or other indication direct or indirect, (d) as to the material of which any goods are composed. In view of this definition we submit it is most undesirable to permit the present classification and we suggest rugs and blankets of mixed material should be imported under a special classification which will clearly indicate that the articles are not of pure wool. Furthermore the articles should be in our opinion, indelibly marked with a description which will enable consumers to understand clearly what they are buying.

Whilst a more accurate classification on Import and a truer marking of the articles will protect consumers it will not be of any great protective value to the Manufacturers in India. Nothing short of an adequate protective duty on Woollens generally will enable our Mills to regain their former state and to maintain normal progress. We therefore make application for a reference to the Tariff Board and for a full inquiry into the state of the industry.

In making this application we beg to refer to the conditions laid down by the Indian Fiscal Commission. The first of these deals with raw materials labour, power, and large Home Market. In regard to material there is an abundant supply of wool in India suitable for the manufacture of medium quality rugs and blankets. Indian wool is also used in many of the finer qualities. Suitable labour and power is already established and it is not necessary for us to prove the existence of Home market for our products.

The second condition laid down is in regard to the development of an industry. Without the help of protection the Woollen Industry in India will certainly not develop. All possible economies have been effected but we are still 25 per cent. to 30 per cent. out on our costs in comparison with the landed prices of foreign articles. This difference cannot be bridged without some form of protection.

The third condition stresses the importance of the industry being able to eventually face world competition without protection. We are of opinion this will be possible and this desirable state of affairs would be brought by increased economy on an increased output consequent to large scale production. There is an established market for our products and we are shut out of this due entirely to the dumping of foreign shoddy material. We maintain we are able to satisfy these main conditions and we also claim consideration under clause 106/7 of the Indian Fiscal Commission's Report which deals with industries essential for National defence. The Clothing Department of the Director General of Ordnance is to a large extent dependent on the Woollen Industry of this Country.

In addition to outside competition there is unfortunately an internal competitor who has many advantages over us and who has captured an appreciable section of our market. We refer to Government and its Jail Industries. Many jails in India to-day have woollen Spinning, Weaving

and Knitting plants running under the supervision of fully qualified technical men. These jails have free labour, are free of rent, rates and taxes and in consequence are in position to compete with the Commercial Industry of the Country on terms which will for ever be impossible for us to come down to. We appreciate the importance of teaching trades to the prisoners in these jails and we should have no complaint to make if the authorities were content to manufacture blankets and other articles required for jail consumption. When they enter the open market however and tender for supplies required by Hospitals, the Police and the Army, etc. We feel Government is seriously interfering with the progress of the Country's industry and steps should be taken without delay to prevent such competition.

In concluding this representation we wish to stress the importance of an early enquiry into our trouble, and if the Tariff Board is fully occupied with enquiries into other industries we would urge the appointment of a special Board as was done for the Cotton Mills. It is essential that some form of relief should be obtained immediately and we would urge very early action on this address to you. It is but general survey of the situation and you will of course require further information on many points, especially in regard to costs. We shall be pleased to furnish any information desired immediately it is called for.

We have the honour to be,  
Sir,

Your most obedient servants,



The Bombay Woollen Mills.  
The Indian Woollen Mills.  
The Maharani Woollen Mills.  
The Kaiser-i-Hind Woollen Mills.  
The Bangalore Woollen Mills.  
The Raymond Woollen Mills.

सत्यमेव जयते



*Indian Imports of Woollen Blankets and Rugs classed separately from April, 1920.*

Year.	From the United Kingdom.	From Germany.	From Belgium.	From France.	From Italy.	From other countries.	Total.
	Lbs.	Lbs.	Lbs.	Lbs.	Lbs.	Lbs.	Lbs.
1920-21	153,478	1,200	43	26,874	14,680	75,928	272,203
1921-22	39,899	4,105	340	22,210	30	4,571	62,155
1922-23	101,807	6,590	6	1,661	25	12,446	122,535
1923-24	486,651	33,575	451	45,483	8,250	10,516	584,926
1924-25	804,714	55,055	9,929	32,019	14,792	21,725	938,234
1925-26	860,305	356,538	9,050	75,532	76,930	70,071	1,448,442
1926-27	539,836	563,118	21,969	98,036	172,388	25,756	1,421,103
1927-28	266,237	643,281	54,559	35,895	524,309	63,344	1,537,625
1928-29	278,994	842,370	2,376	296,765	3,956,950	28,000	5,470,866

## ANNEXURE B.

*Replies to the questionnaire.*

## ANSWER.

1. There are no small scale factories in the State.
2. (a) Nil.  
(b) There is no organised cotton industry. But shepherds and other villagers spin their own yarn and get it woven by handloom weavers. The number of persons who do wool carding and spinning, is about 500. The number of weavers is nearly 50.
3. No paid labourers are employed.
4. The number of charkhas and handlooms are about 500 and 50 respectively. No knitting machines are used.
5. Generally rough blankets or dhablas are produced.
6. Only indigenous rough quality wool is used.
7. The yarn is spun locally by hand.
8. No statistics are available.
9. The raw wool is of an ordinary kind and costs from annas 6 to annas 8 per lb. Spun yarn costs from 12 annas to a rupee per lb.  
Individuals purchase their requirements from merchants.
10. Figures not available, as there is no regular market where goods are stocked.
11. After wool is shorned from the sheep, foreign matter is removed from it and filaments loosened by hand. It is a crude form of hand carding. Sometimes carding is done by a saw or bow.  
Spinning is done on an ordinary spinning wheel (charkha) or by a takli (rotary spindle).
12. The cost price is from Rs. 4 to Rs. 5.  
The selling price is Rs. 4-8 to Rs. 5-8.
13. The spinner and weaver get their wages. Sometimes a weaver buys yarn on credit and sells ready made cloth. If he borrows money he had to pay interest at about 12 per cent.
14. No loans are advanced, but improved hand spinning and weaving is being demonstrated by Government.
15. The articles are sold locally by individuals.
16. No.

**Government of His Highness the Maharaja of Mysore.**

(1) Letter No. F. 33-35-R. O. II, dated the 11th January, 1935, from the Resident in Mysore.

With reference to your letter No. 381, dated the 3rd November, 1934, I am directed to forward six copies of a note prepared by the Director of Industries, Government of Mysore, furnishing the information asked for in your letter No. 379, dated the 2nd November, 1934, to all Local Governments.

Enclosure.

## NOTE.

## THE WOOLLEN INDUSTRY IN MYSORE.

*(Replies to the questionnaire issued by the Indian Tariff Board.)*

1. The woollen industry is being practised in Mysore on a cottage industry basis since a very long time. There are at present in the State 7 small factories manufacturing carpets and druggets and 7,505 families in the various towns and villages in the State engaged in weaving kambli or coarse woollen blankets. Of the 7 carpet factories only one is using power to clean and card the wool but not for spinning or weaving. In addition to the 7 carpet factories mentioned above there are about 20 carpet looms working in cottages in and around Bangalore City. The total amount of capital invested in the manufacture of carpets and druggets in the State is about 2½ lakhs of rupees. The total amount of capital invested in the kambli industry in the State is approximately about 7½ lakhs of rupees.

2. The number of persons employed in the carpet factory using power is 200. The total number of men employed in the other carpet weaving concerns is 423 of whom 287 are found in other Factories, 80 in the cottages and 56 in the Central Jail. The number of people actually engaged in the manufacture of kambli in the State is 19,298 and the total number of persons depending on the kambli industry is 47,443 according to the Census of 1931.

3. In the carpet factories and kambli weaving concerns the wages are paid on piece work basis. The average wage paid for spinning wool in the carpet factories is about one anna per lb. of the thicker variety and about 2 annas for the finer variety. Spinning is done mostly by women and children. On average, a woman cannot earn more than about 4 annas per day. The wages paid for weaving in these carpet factories are at the rate of about 9 to 10 annas per square yard and usually a weaver cannot weave more than 1 square yard per day. As regards the kambli industry, generally, no wages are paid for spinning or weaving since both these works are done by the members of the family of the kambli weaver. But in a few cases where coolies are employed to do this work, the wages paid are at the rate of about 1 to 4 annas per lb. depending on the fineness of yarn spun. The wages paid for weaving vary between 3 annas to Rs. 1-8 or even Rs. 2 depending on the nature and fineness of the blanket produced. On an average, a man cannot earn more than about 6 to 8 annas a day.

4. The total number of carpet looms in the State excluding the looms in the Bangalore Central Jail and Messrs. B. K. Subbiah Setty and Sons' Mills is 168. The total number of kambli looms in the State is about 7,505. The total number of Charkas in the State is estimated at about 15,000. There are no knitting machines in the State.

5. The articles produced in the carpet factories are pile carpets and plain carpets and druggets. But the bulk of the articles produced are druggets, the number of pile carpets produced being very limited. The sizes of the druggets vary between 2 ft. x 3 ft. to 12 ft. x 18 ft. The average weight of a sq. yard of a drugget is about 3½ lbs. The kambli looms produce kambli of different quality, which can roughly be classed into 4 types, viz.:-

- (1) Davangere kambli or superior kambli,
- (2) The Mandya Dhavalies,
- (3) Ujju kambli,
- (4) Malnad kambli and other ordinary kambli.

Of these, the Davangere kambli are of very superior grade and the average size of these kambli varies between 144" x 54" to 180" x 72". The average price of these kambli for the present is about Rs. 4-8. The average net weight of these kambli is about 4½ lbs. The Mandya Dhavalies are also

of a fine quality but smaller in size and are used mostly by the religiously minded persons after bath during puja and visits to temple. The average size of the Dhavalies varies between 82" x 48" to 105" x 54" and the weight between 1½ to 2½ lbs. The Ujju kambli is a woollen blanket woven with the thickest wool yarn. Its texture is very loose when woven. After weaving and stitching it is soaked in water and rubbed for some hours. As a result of which the original loose texture becomes compact. The usual sized sizes of these vary between 5½ x 3½ cubits and 5 x 2½ cubits. The average weight of these Ujju kamblis is about 3 lbs. The Malnad kamblis or the Cooly kamblis are very inferior type of kamblis woven for the use of the Coolies employed in the Coffee and Tea Estates in Southern India as well as for the use of the poorer classes. The size of this type of kambli varies between 96" x 45" to 114" x 54" and the weight between 2 to 3 lbs.

6. The wool used in the production of carpets and druggets and kamblis consists of raw wool shorn from the sheep available in the State as well as wool imported from outside the State and of the dead or tannery wool. The quality of wool obtained in Mysore is generally of a coarse type but in some areas of the State finer type of wool is also obtained. Mysore white, Davangere grey, Kolar brown and black, these are some of the varieties of wool obtained in the State. The white wool is generally of superior type and fetches a higher price than the mixed or black wool. The bulk of the imported wool also is of the coarse type but a small percentage of fine wool is also received from the Punjab for purposes of weaving superior fabrics in the mills and in the carpet factories.

7. The yarn used in the manufacture of carpets is mainly spun by hand by women employed in the various carpet factories and cottages. Generally, mill yarn is not used in the manufacture of these carpets but only one carpet factory uses mill yarn. The quantity so used being only about 10,000 lbs. per year. There is also another Factory using mill waste yarn for preparing superior fabrics. Otherwise, all the wool yarn used in the manufacture of these carpets is spun locally. The yarn used in the manufacture of kamblis also is spun by the women and children in the house of the weaver. The weaver does not use mill yarn for this purpose.

8. The total number of sheep in the State is about 28 lakhs and the annual yield of wool from these is estimated at about 27 lakhs of lbs. In addition to this about 3 lakhs of lbs. of dead wool is available in the Tanneries in the State. In addition to these 30 lakhs about 31 lakhs of lbs. of wool per year is imported (net imports) into the State from the neighbouring Districts of British India and Hyderabad State and the Punjab. Thus the total quantity of raw wool available for consumption in the State is about 61 lakhs of lbs. Of this quantity, it is estimated, about ⅓ is dead wool and the remaining ⅔ shorn wool.

9. The average price per lb. weight of raw wool is about Rs. 3 to Rs. 6 per maund of 24 lbs. varying according to the quality of wool. The price of the mill waste yarn used by one carpet factory mentioned above is about 3 annas per lb. The system of purchase of raw wool is as follows:—

- (a) In the case of the carpet factories, they buy their supplies of wool from the raw wool merchants in Mandya, Davangere and Kolar areas and also import the same from Vaniyambadi, Salem, Coimbatore, etc. The owners of the carpet concerns themselves go in person to these wool centres and purchase their wool requirements.
- (b) In the case of kambli weaver, he generally does not buy wool for cash, but obtains his supplies in the following manner:—He advances a sum of money varying between Rs. 10 to Rs. 50 to a shepherd, the amount so advanced depends upon the number of sheep as well as credit worthiness of the shepherd. This advance is in order to secure the supply of the wool and see that the shepherd does not give away his sheep to be sheared by some other weaver. No interest is charged on this advance, but the amount is recovered only when the shepherd fails to

keep his word. The weaver gives the shepherd a good kambli for one soligey of raw wool, which is the quantity obtained by shearing 50 sheep. One soligey of wool generally weighs about 24 lbs. Usually the market price of the kambli so given in exchange for the wool equals the market price of the said quantity of wool.

10. The total quantity of the carpets and druggets produced annually in the State is about 4 lakhs of lbs. and of kambli about 19 lakhs of pounds.

11. *The system of carding, spinning and weaving of wool generally followed by the handloom industry.*—Carding or scutching is generally done by the women and children. The instrument used is a bamboo bow or "Billu" as it is called in the Vernacular. This bow consists of a bamboo rod about a yard long, bent in a semi-circular fashion, the two ends of the rod being connected by means of gut or a string made of some strong fibre. Scutching is done by pulling the string into the mass of wool and releasing it, which tears away the fluff from the heap of wool and clears it of impurities and gives a finer and cleaner stuff. Where large quantities are to be scutched, the professional carders called the "Pinjars" are employed for this purpose. The instrument the pinjar uses is of the same type as the common bow but with some additions necessitated by the fact that larger quantities of wool have to be dealt with in a quicker manner.

The spinning is done by women and children in the ordinary spinning wheel or charka which is the same as that used in spinning cotton.

Weaving is done in very simple and crude pit looms. The carpet loom is a verticle loom built in a pit about 18 to 36" deep and of the same width. The warp used in weaving carpets is of cotton yarn. The weaver sits in front of the loom and will have balls of yarn of different colours to be used hanging over him within easy reach. A prompter at the back of the loom reads out the pattern from a sample carpet or diagram and the weaver goes on weaving following his instructions.

In the case of kambli, the looms in use are the ordinary throw shuttle pit looms. These are horizontal looms. The weaver sits at the base of the loom facing the warp and weaves. The shuttle is passed through the warp and a thick flat and heavy stick is inserted through the gap formed in the warp by the action of the healds and beats home the intersection with the stick. As the work of weaving goes on, the woven portion is wound upon the beam near the weaver so that he always keeps the portion on which he is working just beneath his hand.

12. The average cost price of a drugget is about Rs. 2 to Rs. 2-4 per sq. yard and the selling price from Rs. 2-4 to Rs. 2-8 per sq. yard. The average cost price of a kambli varies between Rs. 1-8 and Rs. 4-8 depending on the quality and size of the fabric.

13. The small carpet factories are concerns owned by private individuals and therefore the capital invested in them is purely provided by resources of the Proprietor. In the case of kambli industry, the kambli weaver generally borrows about Rs. 50 from the local Sowcar and buys his requirements of raw wool and weaves kambli and sells them to the Sowcar at about 4 annas less than the market price for the same. Generally no interest is charged by the Sowcar on such advances but the interest is recovered in the form of a reduced price for the kambli supplied by the weaver. But there is a small percentage of weavers who do not borrow any amount from the Sowcar but invest their own money in the business.

14. The assistance given by Government to the woollen industry in the State is mainly of the type of advice given by the weaving demonstrators stationed in the various District Headquarters. These demonstrators visit these looms and give the weavers useful suggestions and also supply them with any implements they may require in this connection such as loom parts, etc. The demonstrators have also tried to demonstrate to the kambli weavers the usefulness of fly shuttle looms in weaving kambli. As a result

of this, 3 fly shuttle looms are working in the State for the present. The main reason why there are not more looms of this type is that the kambli weaver is of a very conservative nature and averse to any quick changes. The Government have also tried to help the industry in another way. About 5 years ago, the Department of Industries and Commerce gave a loan of about Rs. 13,000 to a private merchant to start a wool spinning plant on a small scale and supply yarn required by the small factories and kambli weavers. This concern however did not work successfully on account of various reasons and it is closed down now.

15. The marketing arrangements so far as carpet and druggets are concerned are generally as follows:—

More than 90 per cent. of the druggets and carpets produced are exported to England and United States of America. Some two or three important merchants have direct trade relations with importing countries and these exporting countries in addition to their own manufactures also buy up carpets and druggets produced by the smaller weavers and export the same. One or two concerns export through Messrs. Dara Smail & Co., Ltd., an exporting firm in Alleppey. In the case of kambli, the merchant who advances money to the kambli weaver, generally looks in to the marketing of these kambli also by selling the same in the various coffee and tea estates in Southern India. But a few weavers who do not borrow any money from Sowcars and who have invested their own money in the industry, take out their products to the various shandies or fairs held weekly in different towns of the State and sell their products there. One important example of such a method is found in the Challakere Shandy in Chitaldrug District where, on an average about 50,000 kambli valued at about one lakh of rupees are sold every year.

16. By imposing a protective duty on wool and its manufactures, no other industry in the State is likely to be affected.

The above information mainly refers to the present conditions and on account of absence of any comparative statistical data in detail for the previous years, it is not possible to give figures and prove whether the state of the industry has become worse or better or is in the same condition. However, from the information collected after an enquiry into the industry, it is learnt that the condition of the industry in general is worse at present, than it was about 8 years ago. The prices obtained for the products were about 150 to 200 per cent. higher in those years than at present. The present fall in prices is attributed to the general depression as well as the indirect effect of foreign competition. The imports of Italian rugs in large quantities have affected the trade in rugs and blankets produced by the mills in the State and reduced the price of the same. This has resulted in a direct competition of the mill made goods with the handloom made goods and reduced the price of the kambli also. The foreign rugs and blankets are of superior finish and the price quoted for them looks proportionately cheap and the people are usually prone to purchase those foreign things in preference to the handloom kambli or even the local mill made ones. Of course, the effect is only indirect so far as the kambli industry is concerned. The carpet industry does not suffer any competition from the imported woollen goods but on account of the general repercussions of a fall in price of raw wool and woollen manufactures in general, the price of carpets and druggets also has suffered a slight fall.

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(2) *Letter No. 49, dated the 18th January, 1935, from the Tariff Board, to the Director of Industries and Commerce, Mysore, Bangalore.*

With reference to your note dated the 21st December, 1934, forwarded to the Board by the Hon'ble the Resident in Mysore with his letter No. P. 33—35-R. O. II, dated the 11th January, 1935, I am directed by the Board to ask you to be good enough to supply the following information in elucidation of some doubtful points. In order to save time I am writing direct to you.

*Question 1.*—The total amount of capital invested in the Cumbli industry in the State is stated to be about Rs. 7½ lakhs. Please explain how this estimate was arrived at.

*Question 3.*—The wages for weaving varying between 3 annas to Re. 1-8 or even Rs. 2 are presumably wages paid per blanket. Can they be expressed as per lb.?

*Questions 8 & 10.*—The estimate of 1 lb. of wool per sheep in the State may be compared with the Madras Government of 1.4 lb. per sheep. Please state whether your estimate is based on any statistical data. In the total estimate of 61 lakhs of lbs. of wool consumption in the State, how much should be debited against the local mills? Presuming it is 16 lakhs (on the basis of 7 lakhs of lbs. for the Bangalore Mill), and presuming further that 25 per cent. of the total weight of carpets is cotton yarn, the total output (Question 10) of 22 lakhs of lbs. against a total wool consumption of 45 (61—16) lakhs of lbs. seems to be too low since it gives a waste of as much as 50 per cent. Our enquiries in Mysore showed that it was not more than 25 per cent. in the hand operated section of the industry.

*Question 12.*—Can the prices mentioned in answer to the question be expressed as per lb.?

2. It is requested that you will be so good as to let me have a reply addressed to the Town Hall, Bombay, as early as you can.

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(3) *Letter No. C. 2-185/34-35, dated the 1st February, 1935, from the Director of Industries and Commerce in Mysore.*

I have the honour to send enclosed for your information 7 copies of the "Monograph on the Woollen Industry in Mysore". I am also sending herewith a copy of the "Review of the Foreign Rail-borne Trade of the State" for the Statistical year ending 31st March, 1933, and three statements showing the statistics of imports and exports of wool (Raw and Manufactured) in the State during the Statistical year ending 31st March, 1934, and during the six months—April, 1934 to September, 1934. Kind reference is invited to pages 104 to 107, 188 to 191, 206, 207, 218 and 219, of the above Review for detailed information regarding imports into and exports from Mysore of Raw Wool and Woollen Manufactures. The Index Nos. of wholesale prices in Bangalore brought up-to-date are given on pages 221 to 225. In this connection I may also state that the trade statistics from and to Madras and Bombay ports furnished in the Review represent the trade with foreign countries.

(Vide pages 188 to 191 and 218 to 219 of the Review of the Foreign Rail-borne Trade of the Mysore State.)

1. Statement showing the Statistics of Exports of Wool (Raw and Manufactured) from the State during the statistical year ending 31st March, 1934.

	Madras Presidency excluding Madras Sea Ports.	Bombay Presidency excluding Bombay Port.	Madras Ports.	Bombay Port.	Other Blocks.	Total.	Value.
	Ry. Mds.	Ry. Mds.	Ry. Mds.	Ry. Mds.	Ry. Mds.	Ry. Mds.	Rs.
1. Wool, raw . . . .	948	..	525	795	..	2,268	47,150
2. Wool, manufactured—							
(a) Carpets and rugs . .	3,746	2,955	3,221	984	1,543	12,449	19,91,840
(b) Yarn . . . .	70	252	1,497	113	121	2,053	2,56,625
(c) Piecegoods and Shawls .	1,654	186	642	2,141	11,185	15,808	22,13,120
(d) Hosiery . . . .	..	..	..	1	1	2	520
(e) Others . . . .	1	..	..	1	6	8	640
TOTAL .	6,419	3,393	5,885	4,035	12,856	32,588	45,09,895

N.B.—Statistics of exports are collected under 5 Blocks only from 31st March, 1933.



(Vide pages 104 to 107 and 206 to 207 of the Review of the Foreign Rail-borne Trade of the Mysore State.)  
 2. Statement showing the Statistics of Imports of Wool (Raw and Manufactured) into the State during the statistical year ending 31st March, 1934.

Articles.	Madras Presidency excluding Madras Sea ports.	Bombay Presidency excluding Bombay port.	Madras ports.	Bombay port.	Other Blocks.	Total.	Value.
	Ry. Mds.	Ry. Mds.	Ry. Mds.	Ry. Mds.	Ry. Mds.	Ry. Mds.	Rs.
1. Wool, Raw . . .	13,824	2,063	3,240	1,211	9,329	29,667	6,20,380
2. Wool, manufactured—							
(a) Carpets and Rugs . .	1,793	148	680	200	408	3,229	5,16,640
(b) Yarn . . .	186	..	24	243	50	503	62,875
(c) Piecegoods and shawls .	34	531	167	2,062	1,674	4,468	6,25,520
(d) Hosiery . . .	..	14	..	74	42	130	33,800
(e) Others . . .	56	2	1	2	1	62	4,960
<b>TOTAL .</b>	<b>15,893</b>	<b>2,758</b>	<b>4,112</b>	<b>3,792</b>	<b>11,504</b>	<b>38,059</b>	<b>18,64,175</b>

N.B.—Statistics of Imports are collected under 5 Blocks only from 1st March, 1933.

3. Statement showing the Statistics of Imports and Exports of Wool (Raw and Manufactured) from the State during the six months—April, 1934 to September, 1934.  
(Quantities only.)

Articles.	IMPORTS.						EXPORTS.					
	Madras. Presi- dency ex- cluding Madras ports.	Bombay Presi- dency ex- cluding Bombay port.	Madras ports.	Bombay port.	Others.	Total.	Madras ports.	Bombay port.	Others.	Total.	By. Mds.	By. Mds.
(1) Wool, Raw . . .	10,953	998	289	248	4,199	16,687	3	129	..	440	..	..
(2) Wool, Manufactured—												
(a) Carpets and rugs . .	820	27	68	207	195	1,317	1,905	789	1,002	7,912	..	..
(b) Yarn . . .	12	..	37	90	55	194	883	8	90	994	..	..
(c) Piecegoods and Shawls.	22	206	22	1,211	1,322	2,783	221	1,850	7,125	9,977	..	..
(d) Hosiery . . .	..	28	..	31	66	125	..	1	..	..	..	..
(e) Others . . .	204	43	7	..	..	254	122	..	1	130	..	..

(4) Letter No. U. 2-185/34-35, dated the 2nd February, 1935, from the Director of Industries and Commerce, Mysore, Bangalore.

With reference to your letter No. 49, dated the 18th January, 1935, requesting further information in elucidation of some points arising out of the Report on Woollen Industry sent to you and my personal interview with the President and the Technical Adviser on 21st January, 1935, at Bombay, I have the honour to furnish below the information required.

INFORMATION ON THE VARIOUS POINTS RAISED IN YOUR LETTER DATED THE 18TH JANUARY, 1935.

*Question 1.*—The total amount of capital invested in the Kambli industry in the State is 7½ lakhs of rupees. This estimate was arrived at as follows:—

The capital invested on the production of kambli is included in this estimate. The cost of a loom ranges between Rs. 7 to Rs. 18 in the different parts of the State. The cost of a charka varies between Re. 1 to Rs. 3. The working capital required per kambli loom varies between Rs. 25 to Rs. 40 in the different parts of the State. Thus, the capital per kambli loom is Rs. 50. On this basis the capital invested on 7,705 kambli looms in the State works out to Rs. 3,75,250. On an average, an expenditure of 4 annas per kambli is incurred in the export trade, and half an anna per kambli in internal trade. On this basis, for the 2½ lakhs of kambli exported from the State, the working capital is estimated at Rs. 62,500 and for the remaining 6 lakhs of kambli sold within the State, the capital is estimated at Rs. 18,750. The total investment in respect of marketing is Rs. 81,250. A sum of Rs. 2,80,000 is estimated as invested in the form of advances to sheep-breeders made in order to secure regular supplies of raw wool. The gross total of the capital invested in the kambli industry works out to Rs. 7,36,500 or roughly 7½ lakhs of rupees. (For fuller details please see pages 51 to 54 of the Monograph on the Woollen Industry in the Mysore State copies of which are sent by separate post.)

*Question 3.*—The wages for weaving kambli expressed per pound are as follows:—

- (1) Davangere kambli As. 5-10 (approximate charge per lb.).
- (2) Mandya dhavali As. 3-3 (approximate charge per lb.).
- (3) Ujju kambli As. 1-9 (approximate charge per lb.).
- (4) Cooly kambli As. 5 (approximate charge per lb.).
- (5) Malnad kambli As. 2-3 (approximate charge per lb.).

*Questions 8 & 10.*—The estimate of 1 lb. of wool per sheep is arrived at on the basis of the information furnished by the Kolar Sheep Breeders' Association. This Association arranges the regular shearing of the sheep in the flocks of the Members of the Association. Kindly refer also to the footnote on page 13 of the Monograph separately sent. It shows that 1 lb. 4 oz. of wool is got in a one year old lamb. But 1 lb. appears to be reasonable average, when young, middling and old sheep are all taken into account.

Out of the total quantity of 6,100,000 lbs. of wool available for consumption in the State, about 31½ lakhs are used by the local mills, 25 lakhs by the kambli looms and 4½ lakhs by carpet looms. (For fuller details on this point, please see pages 8, 16, 36-39 and 59 of the Monograph.)

*Question 12.*—The prices expressed per lb. are as follows:—

(a) *Carpets.*—The average cost price per lb. of a drugget is 11 annas and the selling price 12 annas.

(b) *Kambli*—

- Davangere Re. 1 per lb.
- Mandya dhavali As. 10-3 per lb.
- Ujju kambli As. 9-2 per lb.
- Kolar kambli Re. 1 per lb.
- Malnad kambli As. 8 per lb.

INFORMATION ON POINTS NOTED DOWN BY ME ON 21ST JANUARY, 1935.

(1) Estimate of the value of a loom and charka.

The value of a kambli loom varies between Rs. 7 and Rs. 18 and that of a charka between Re. 1 and Rs. 3 in the different parts of the State.

(2) The weight of cotton warp in the 3 $\frac{3}{4}$ -lb. drugget is  $\frac{3}{8}$  lb.

(3) The yield of wool per sheep in Mysore is 1 lb. as compared with 1 lb. 4 oz. in the Madras Presidency. In the absence of definite information as to the basis of this average yield in Madras, it is not possible to give reasons as to why the yield in Mysore is less.

(4) The imports and production of raw wool together include mill consumption also.

(5) Out of the total of 61 lakhs of pounds, the mills consume 31 $\frac{1}{2}$  lakhs of pounds, the kambli looms 25 lakhs of pounds and the carpet looms 4 $\frac{1}{2}$  lakhs of pounds. The total of 23 lakhs of pounds for kambli and druggets mentioned in your letter is the net weight of kambli and carpets produced. To this quantity of 23 lakhs of pounds, an addition of about 7 lakhs has to be made, representing a wastage of about 25 per cent. on raw wool used.

(6) *Census of rugs and blankets in use in cities in consuming areas.*—A census has since been taken in Bangalore City and 35 houses were enumerated. The following are the results:—

No. of houses.	No. of people in the houses.	Kambli in use.	Mysore Mill rugs in use.	Indian rugs (other than Mysore).	Foreign rugs.	Total.
35	218	100	82	52	28	262

A similar census in another town which does not produce either kambli or rugs will be got done and the result reported.

(7) As regards the 300,000 lbs. of raw wool which Madras reports as having been imported into the Madras Port and mostly exported to Mysore during the year 1933-34, a reference to the monthly accounts for March, 1934, relating to Coasting Trade shows that 164,127 lbs. of raw wool out of the above was Indian wool which came into Madras ports from other Indian ports. Page 449 of the Annual Statement of Seaborne Trade of British India, 67th issue, shows that no portion of the imports of foreign wool into British India came through Madras ports in 1932-33. The book for 1933-34 is not yet received here. The Mysore figures of imports disclose an import of 3,240 railway maunds or 266,806 lbs. from Madras ports in 1933-34 (*vide* page 70 of the Monograph sent separately). Enquiries made in the local mills and drugget factories disclose that excepting the quantity of 13,000 lbs. used by the Binny Mills in 1933, no other mill or factory has used any foreign wool.

(8) No foreign wool is used in the manufacture of druggets.

(9) Cost of production of a rug or kambli working on small scale industry lines—

(a) with power,

(b) handloom (including milling, raising and finishing).

It is difficult to give estimates of the cost of production of a rug or kambli produced as mentioned above. The smallest possible economic unit using power for all the processes of manufacture, costs about Rs. 1,00,000. This estimate includes the cost of all the machinery and of the building required but excludes the cost of lands. The capital required takes the proposition outside the field of small scale industry. But, if power is used only for carding and spinning, and if weaving is done on handlooms, the industry

could be organised on small scale. But in this case, milling, raising and finishing cannot be included as this would increase the cost of production beyond economic limits. The only possible combination seems to be that of a domestic wool spinning plant with a number of handlooms to consume the yarn produced by such plant. The cost of producing one lb. of yarn in such a plant is estimated to be about 2 annas 9 pies. This is exclusive of the cost of wool. The other charges, viz., for weaving, etc., would be the same as at present. The approximate cost of a domestic wool spinning plant with full equipment capable of producing about 130 lbs. of fine yarn per day is about Rs. 13,000.

A complete estimate of cost of production from raw wool to finished product is not given as the proposition involves so many disturbing factors.

(5) *Letter No. C. 2-185/34-35, dated the 29th March, 1935, from the Director of Industries and Commerce in Mysore, Bangalore.*

I have the honour to invite your kind reference to my letter of the same No., dated the 2nd February, 1935, (page 3 of the enclosed note and paragraph 6), furnishing among other things statistics of Census of rugs and blankets in use in Bangalore City. I furnish below for your information a statement showing the results of a similar Census in Chickmagalur town which does not produce either kambles or rugs:—

No. of houses enumerated.	No. of People in the houses.	Kambles in use.	Mysore Mill rugs in use.	Indian rugs other than Mysore.	Foreign rugs.	Total.
112	680	148	162	102	211	623

### Government of His Highness the Maharaja of Jammu and Kashmir.

*Endorsement No. D. 119/35, dated the 15th January, 1935, from the Resident in Kashmir.*

#### APPLICATION FOR PROTECTION BY THE WOOLLEN INDUSTRY.

Reference your letter No. 381, dated the 3rd November, 1934, on the above subject.

8 copies of replies to the questionnaire on the subject of protection to the woollen industry, issued by you under your letter No. 379, dated the 2nd November, 1934, have been received to-day from the Kashmir Government and are forwarded herewith.

Enclosure.

*Replies to Indian Tariff Board's Questionnaires regarding Indian Woollen Industry's claim to Protection.*

		Capital Investment (approximately).
		Rs.
1. (a) Number of factories using power .	1	25,000
(b) Number of factories not using power—		
(i) Carpet factories . . . .	4	39,10,000
(ii) Hosiery factories . . . .	2	5,00,000
(iii) Gubba-making . . . .	4	1,75,000
(iv) (a) Pashmina handlooms .	1,000	5,50,000
(b) Woollen handlooms .	29,144	86,00,000
<b>Total</b>		<b>1,33,10,000</b>

## 2. Number of persons employed (approximately)—

	1928.	1929.	1930.	1931.	1932.	1933.	1934.
(a) Factories using Power.	..	..	..	..	..	30	30
(b) Factories not using Power.	..	..	..	..	..	..	..
Carpet	6,690	6,690	(The number varied from 1,200 to 1,800.)			..	1,872
Hosiery	600	600	600	400	400	500	500
Handlooms	..	..	..	..	..	..	..
(a) Pashmina Shawls.							
Weavers & Helpers	1,200	1,200	1,170	600	600	705	750
Spinners	4,800	4,800	4,680	2,400	2,400	2,820	3,000
(b) Woollens.							
Weavers & Workers (2 per loom).	..	..	..	..	58,288*	..	..
Spinners	..	..	..	..	87,432*	..	..

\* These figures are for 1932, 1933 and 1934. Figures for 1928 to 1931 are not available.

## 3. Average Daily Wage for Skilled Labour—

	1928.	1929.	1930.	1931.	1932.	1933.	1934.
	Rs. A.	Rs. A. P.	Rs. A. P.	A.	A. P.	A. P.	A. P.
Factories using Power.							
(a) Hosiery	..	..	..	..	..	14 0	14 0
Factories not using Power.							
(b) Carpet	0 12	0 12 0	0 12 0	8	8 0	8 0	8 0
Gabba	0 8	0 8 0	0 8 0	5	5 0	5 0	6 0
Pashmina Weavers	1 4	1 0 0	1 0 0	12	8 0	6 0	6 0
„ Spinners	0 3	0 2 6	0 2 6	2	1 6	1 6	1 3
Hosiery	..	..	..	..	..	10 0	10 0

4. Number of Charkhas . . . . . 87,432  
 Number of Looms . . . . . 29,144  
 Number of Knitting Machines . . . . . 103

## 5. Article produced—

(a) Yarn for local consumption only.

(b) Woollens—

(i) Blankets.

(ii) Tweeds.

(iii) Pattos or Serge.

## (c) Pashmina—

- (i) Suitings.
- (ii) Pashmina Flannel (Alwan).
- (iii) Shawls.
- (d) Carpets.
- (e) Hosiery.
- (f) Gabbas.

6. *Kinds and Qualities of Wools.*—There are no standard types or qualities of local wools. According to Prof. Barker (Cottage Textile Industry of Kashmir, pages 41 to 45) the local wool is a mixture of two extremes of fineness and coarseness. Generally speaking, local wool is of a medium quality. Wool is not imported from foreign countries. Imports of wool from Central Asia are very limited and are used exclusively in Namda Embroidery.

Pasham is the finest type of undercoat from goats found in Ladakh. Certain quantity of Pasham wool is imported also from Central Asia.

7. *Yarn Used.*—Woollens and Pashmina products are made from yarn spun locally by hand. Carpet Factories use imported mill spun yarn from India and abroad. Hosiery Industry uses only imported foreign yarn.

8. *Estimate of the amount of—*

	Lbs.
(a) Raw wool . . . . .	3,821,074
(b) Pashmina . . . . .	12,000
(c) Yarn—	
(i) Indian Mill Spun . . . . .	144,320
(ii) European Mill Spun . . . . .	28,700

9. *Average Price per lb.—*

	1928.	1929.	1930.	1931.	1932.	1933.	1934.
	Rs. A.	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.
(a) Raw, Wool	0 13	0 12	0 12 0	0 11 9	0 8 6	0 6 6	0 6 0
(b) Local Yarn—							
(i) Twisted Yarn for warp.	1 12	1 12	1 12 0	1 10 0	1 8 0	1 6 0	1 6 0
(ii) Single Yarn for weft.	1 0	0 15	0 15 0	0 13 0	0 12 0	0 11 0	0 11 0
(c) Imported Mill Spun (Indian).	2 1	2 1	1 11 3	1 6 3	1 4 0	0 15 3	0 14 0
Imported Mill Spun (Foreign).	2 8	2 8	2 8 0	1 13 0	1 12 0	1 8 0	1 4 6

NOTE.—Imports of yarn from foreign countries include Hosiery and Pashmina Yarns and yarn for weaving high class carpets. Import into the State of yarn from Indian Mills are used chiefly for medium and inferior classes of carpets. State Customs Tariff does not maintain separate classification of different qualities of yarn to allow a comparison of Indian and

Foreign yarns, quality for quality, being made. We know from experience that the quality of imported yarn is incommensurate with that of mill spun yarn imported for inferior works.

	1928.	1929.	1930.	1931.	1932.	1933.	1934.
	Rs. A.	Rs. A. P.	Rs. A.	Rs. A.	Rs. A.	Rs. A.	Rs. A.
Pashmina yarn—							
Local . . .	10 0	10 0 0	7 8	7 8	7 8	7 8	8 8
Imported . . .	6 14	6 2 6	5 12	5 8	4 8	3 0	2 9

*Counts used—*

- (a) Imported yarn 35s, 50s, 60s and 70s (for weaving cloth). 2/4 to 2/16 for carpets.
- (b) Woollen yarn locally hand spun 10s to 50s.
- (c) Local Pashmina yarn is of 10s to 100s. (Prof. Barker's report on Cottage Textile Industries of Kashmir, pages 44 to 47.)
- (d) Hosiery uses 2/16 to 2/64.

Organised factories, such as Carpet Factories, import their raw materials direct from the manufacturers. The local whole time woollen weavers situated in towns buy yarn either from the local spinner or from the local dealer. The Cottager who is only part time weaver usually spins his own wool obtained from his own stock of sheep or bought from other sheep owners.

In the case of Pashmina, women spinners buy raw pasham from local pasham dealers and sell the spun yarn to the middleman who sells it to the Shawl-weaver. The cottage manufacturers also purchase local yarn from local dealers. Hosiery manufacturers obtain foreign yarn from yarn dealers in British India.

10. *Estimates of the Total Output in Lbs. of Woollen Goods—*

	Lbs.
Carpets . . . . .	288,750
Woollens . . . . .	3,705,408
Shawls . . . . .	12,500
Hosiery . . . . .	32,000

11. *System of Carding, Spinning and Weaving.*—Carding, Spinning and weaving is entirely done by hand.

(a) Carding is done by bow and string hung down from the ceiling of the cottage of the worker by an elastic band. Carding is effected by the vibration of the string beaten by a mallet. As a matter of fact, carding in its proper sense does not exist in Kashmir.

(b) Charkha spinning is universally practised in the State.

(c) For weaving, mostly throw shuttle pit and frame looms are used. Of late, however, fly-shuttle handloom is being adopted.

12. *Average Cost Price and Selling Price in rupees: Carpets.*—Actual figures are not available. If, however, the cost price and sale price of 1928



be taken at 100 as an index, the index numbers for the following years will be as follows:—

—	1928.	1929.	1930.	1931.	1932.	1933.	1934.
	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.
Cost Price	100 0 0	100 0 0	95 0 0	80 0 0	60 0 0	65 0 0	75 0 0
Sale Price	100 0 0	95 0 0	90 0 0	80 0 0	75 0 0	75 0 0	75 0 0
<i>Pashmina Cloth Shawl.</i>							
(1) <i>Coatings.</i>							
Cost Price Per Yd.	4 8 0	4 8 0	4 8 0	4 5 0	3 5 0	3 6 0	3 6 0
Sale price Per Yd.	5 0 0	5 0 0	4 13 0	4 9 0	3 10 0	3 10 0	3 10 0
(2) <i>Alwan, Superior.</i>							
Cost Price Per Yd.	6 11 0	6 11 0	6 11 0	6 4 0	5 9 0	5 5 9	5 9 0
Sale Price Per Yd.	7 1 0	7 1 0	7 1 0	6 11 0	5 10 0	5 10 0	5 15 0
<i>Woollens (Tweeds).</i>							
Cost Price	1 7 6	1 7 6	1 8 3	1 5 9	1 0 6	0 14 0	0 14 0
Sale Price	1 10 0	1 10 0	1 11 0	1 8 0	1 1 6	0 15 0	0 15 0
<i>Sopore Puttoo.</i>							
Cost Price	0 9 0	0 9 0	0 9 0	0 6 0	0 6 0	0 4 6	0 4 6
Sale Price	0 10 6	0 10 6	0 10 6	0 7 0	0 7 0	0 5 0	0 5 0
<i>Hosiery.</i>							
Cost Price Per Lb.	..	..	..	..	..	3 12 0	3 12 0
Sale Price Per Lb.	..	..	..	..	..	4 0 0	4 0 0

13. *Financing of Cottage and Small Scale Industries.*—(a) Carpet Industry of Kashmir is a well-organised industry. It is financed by share subscription like all incorporated concerns. It has arrangements for short term credit with banks.

(b) *Pashmina.*—Women spinners buy pashmina wool in small quantities from the local dealers in Pashmina wool either on credit or on cash payment. In case of credit purchase, the dealer charges increased price or charges interest at the rate of 18 per cent. Spinners sell their yarn to the shopkeepers who either get pashmina cloth woven on piece wages or sell it to the weavers. Whenever the weaver purchases yarn on credit, he pays as

much as 18 per cent. interest. Sometime shop-keepers or the Pashmina goods dealers supply Pashmina yarn to the weaver and have cloth woven. But generally the weaver buys yarn and prepares Pashmina cloth for sale. There is no institution in the State wherefrom the weaver can obtain loan at low rate of interest.

(c) *Woollens*.—Majority of the woollen weavers live on the farm. They produce woollens for household needs from wool available from their own stock of sheep or by purchasing the required quantity of wool from the other farmers who own large stock of sheep. In some cases, which are rare, the farmer weaver may purchase wool from the sowkar and whenever this happens, sowkar would sell it either above the market price or charge the weaver not less than 18 per cent. interest.

It is the weavers who live in town such as Srinagar, Sopore, Baramulla, Bijbehara, Anantnag, Shopian and Pamporo and the like who produce woollens for sale. They purchase yarn from women spinners or from the local middleman. Whenever yarn is purchased on credit from the middleman, the rate of interest on the outstanding beyond one month is usually 18 per cent.

To a very large extent, weavers obtain funds from the local woollen dealers on the condition of selling their (weavers) woollens on a contracted price. The price which the dealer agrees to pay is usually below the market so that the dealer fully protects his interests.

14. *Government Help to the Industry*.—(a) The Kashmir Carpet Industry has been subsidised by the Government so as to enable it to tide over the period of slump. The bounty is paid at the rate of As. 2-5 for 4" x 4½" and As. 3-4 for all other grades per square foot on carpet exported. The subsidy has amounted to Rs. 1,10,000.

(b) *Pashmina*.—Shawl industry has received no assistance from the Government.

(c) *Woollens*.—Government has helped its development by demonstration and propaganda. Weaving demonstration party has been in existence for the last eight years. Dyeing demonstration to improve local dyeing has also been organised. Government has recently sanctioned a loan of Rs. 80,000 to assist the establishment of a Wool Spinning Mill. For financial help to individual manufacturers, State-Aid to Industries bill is pending consideration of the Government.

15. *Marketing arrangements*.—Market for carpets is mostly in foreign countries. Carpet factories have established connections in foreign countries for sale of their products. 80 per cent. or more production goes to foreign countries and is taken care of by sales organisations.

*Woollens*.—Except the local branch of the All-India Spinners Association, there is no particular organisation for marketing Kashmir Woollens. The individual weaver is his own financier, manufacturer, and salesman. The methods of disposal are as follows:—

- (a) Individual weavers residing in the vicinity of towns take their output to the city woollen dealers. They walk from shop to shop till they find an acceptable offer. The weaver salesman not infrequently wastes much of his time in attempting to obtain fair price, which he seldom does.
- (b) As mentioned before in many cases, the woollen dealers advance loan against weavers agreeing to sell their output on prices settled beforehand. In this case, the weaver receives less than what he can possibly obtain by selling his products in the open market.
- (c) Local woollen dealers find markets (i) by canvassing among the visitors, (ii) by participation in Fairs and Exhibitions, (iii) by agency connections with firms outside the State. A considerable volume of woollens is bought by the seasonal visitors to Kashmir.

- (d) There is a class of middlemen who maintain no stock but act as agents or contractors. Having secured supply contract for blankets or loes, they go into the country and buy their requirements direct from the weavers or village sowkars.
- (e) A considerable quantity of woollens is sold by bargain at Fairs and Exhibitions. There are dealers who avail themselves of such opportunities. They buy large quantities of woollens as bargains and keep them in stock till favourable opportunity arises.
- (f) The local branch of All-India Spinners Association established in 1928 is the only body that has a well organised system of marketing. It sells its factory products as well as woollens purchased from individual weavers. This organization has a permanent sales depôt in Srinagar. It opens during summer shops at summer resorts. It has connections with over 70 sales depôts in British India. It plans its annual production according to the local sales of the previous year *plus* orders received from British India sales depôts. It has recently organised a Commercial Emporium for local woollens.

*Pashmina.*—Pashmina goods in general follow the same line. The prominent pashmina dealers open their shops in winter in Calcutta and do good business.

*Hosiery.*—This industry in the State is still in its infancy. Its products are sold by locally appointed agents.

16. So far this State is concerned, there is no other industry likely to be adversely affected by grant of protection to various classes of woollen manufactures.

*Para. 3.*—The above information covers all the questions given, and statistics, wherever it has been possible, have been furnished for all years since 1928. Copies of available publications bearing on the subject have been personally handed over to the Board at the time of informal discussion at Lahore.

*Para. 4.*—Classified statistics of imports of woollens into Kashmir from different countries do not exist. Some idea as to the relative position of imports of woollens, shawls, and yarns from United Kingdom, Continent and Japan may be gained from the following table:—

*Share of Foreign Imports of Shawl Cloth of different Countries expressed in percentage.*

	1928.	1929.	1930.	1931.	1932.	1933.	1934.
	%	%	%	%	%	%	%
<i>Shawl Cloth.</i>							
Japan . . .	<i>nil</i>	<i>nil</i>	<i>nil</i>	25	30	45	65
Continent . .	100	100	100	75	60	55	35
<i>Yarn.</i>							
Japan . . .	<i>nil</i>	<i>nil</i>	<i>nil</i>	30	45	50	65
Continent . .	100	100	100	70	55	50	35

	1928.	1929.	1930.	1931.	1932.	1933.	1934.
	%	%	%	%	%	%	%
<i>Knitting, Hosiery and Carpet Yarn.</i>							
United Kingdom . . . . .	100	100	100	75	75	75	75
India . . . . .	nil	nil	nil	25	25	25	25
<i>Shoddy Cloth.</i>							
Japan . . . . .	nil	nil	nil	nil	15	25	25
United Kingdom . . . . .	60	45	45	45	45	45	45
Continent . . . . .	40	55	55	55	40	30	30
<i>Woollens.</i>							
Japan . . . . .	nil	nil	nil	nil	nil	10	25
United Kingdom . . . . .	80	75	50	35	30	25	25
Continent . . . . .	20	25	50	65	70	65	50

It will be observed that since 1931 Japan has steadily made considerable advance in imports of woollen yarn and woollen piece-goods. This advance has been made at the expense of imports from the United Kingdom and Continent.

Of the woollen yarn and woollen piece-goods imports which compete directly against local products are yarn, shoddy cloth and blankets. Articles which compete indirectly include shawls.

### Gwalior Darbar.

*Letter No. 366-A./5A/4-35, dated the 13th February, 1935, from the Resident at Gwalior.*

#### APPLICATION FOR PROTECTION BY THE WOOLLEN INDUSTRY.

With reference to your letter No. 381, dated the 3rd November, 1934, I have the honour to forward a copy of a letter No. 1280-R., dated the 6th February, 1935, received from the Political Member, Gwalior Darbar.

Enclosure.

*Copy of a letter No. 1280-R., dated the 6th February, 1935, from the Political Member, Gwalior Darbar, Lashkar, to the Resident at Gwalior.*

With reference to your letters Nos. 2086-A. and 2115-A., dated the 14th and 17th November, 1934, respectively, I have the honour to state that there is no Woollen Mill in the State except a Carpet Factory known as Stavrides (Gwalior), Ltd., which manufactures pile carpets by hand weaving. The industry is run on piece system with nearly 550 labourers and the quantity of woollen yarn consumed in it every month is approximately 10,000 lbs., which is imported from the Woollen Mills at Amritsar.

### **Tonk Darbar.**

*Letter No. 1888/804/34, dated the 12th April, 1935, from the Resident at Jaipur.*

#### **APPLICATION FOR PROTECTION BY THE WOOLLEN INDUSTRY.**

With reference to your letter No. 381, dated the 3rd/5th November, 1935, to the Hon'ble the Agent to the Governor General in Rajputana, I have the honour to inform you that the only States in this Residency, which are to some extent concerned in the Woollen Industry, are Jaipur and Tonk States.

The Tonk Darbar have informed me that no woollen mills exist in their State and that the Cottage Woollen Industry is limited to the manufacture of *Namdahs* and Blankets from local wool and the number of persons employed in this way is very small. The Darbar are therefore not in a position to supply any useful information regarding the woollen industry.

Reply from the Jaipur Darbar will be forwarded as soon as it is received.

### **Jaipur Durbar.**

*Letter No. 1970/804/34, dated the 18th April, 1935, from the Resident at Jaipur.*

#### **APPLICATION FOR PROTECTION BY THE WOOLLEN INDUSTRY.**

In continuation of my letter No. 1888/804-34, dated the 12th April, 1935, on the above subject, I have the honour to inform you that the Jaipur Darbar intimate that there are at present no Industries of the kind in the Jaipur State. The cultivators and other classes take part in the cottage industries and weave Khaddar. No assistance in the form of the grant of loans or in any other way is given to such industries by the Jaipur State.

### **His Exalted Highness the Nizam's Government.**

*Letter No. 3831-P, dated the 14th May, 1935, from the Resident at Hyderabad.*

#### **Subject:—WOOLLEN INDUSTRY.**

With reference to your letter No. 381, dated the 5th November, 1934, on the above subject, I am directed to forward herewith a copy of an extract from the Textile Expert's Report, together with copies of its enclosures, received from His Exalted Highness the Nizam's Government. They add that the information contained in the enclosures is such as has been collected by their department of Commerce and Industries and that it should not be treated by the Board as a representation from His Exalted Highness' Government.

Enclosure.

*Copy of extract from Textile Expert's Report.*

\* \* \* \* \*

#### **(ii) SMALL FACTORY AND COTTAGE INDUSTRY.**

As the Board wants such information about the industry within the jurisdiction of this Government to be forwarded to them with statistics we may send a copy of the *Chapters VIII and IX* dealing with wool spinning and pile carpets of the Report of the Survey of Handloom and Dyeing Industries in the Dominions. The rest of the replies are as follows:—

1. No thorough survey of the cottage factories of wool industry was undertaken by this Department, although one such was under contemplation. As such the census figures for the year 1931 are given (Chapter II of the Survey).

2. (a) Factories using power—*Nil*.
- (b) Factories not using power—*vide* Chart II.
3. (a) *Nil*.
- (b) Cost sheet of an ordinary cumble and ordinary carpet given in Chapters VIII and IX may kindly be seen.
4. No statistics are taken and approximate figures may be misleading.
5. Blankets and pile carpets are generally made. Knitted goods are also made in small quantities in towns of Secunderabad and Hyderabad.
6. Both indigenous and imported from British India Wool are used. indigenous wool is of poor staple and coarse quality.
7. Mostly the yarn is spun by hand locally for making of blankets and pile carpets. Imported yarn is used only for knitted goods. Mostly they are Indian spun yarn. A small quantity is got from Japan and England also.
8. Not available.
9. Price per pound of raw country wool 2½ annas. Price per pound of imported wool about Re. 1.

Generally, Kurvalloos, a sub-caste of Dhangars who follow wool industry, as well as the carpet makers, take small loans at high rates of interest from the local sowcars or yarn dealer and repay them in the form of finished products or cash after selling their goods. The Dhangars mostly rear their own sheep and get raw wool without buying. Poor Dhangars who do not own sheep, work for others in shearing wool in-season and get 5 per cent. wool as their share in kind. Carpet makers however purchase for cash or on credit their raw materials and repay as aforesaid.

10. Not available.

11. A small string bow is used for carding and cleaning the wool and a piece of hollow bamboo with closed bottom is used as shuttle. Only heald is used for making shed and the weft is beaten to the fell of cloth by means of a piece of wood. Preliminary processes are attended to by womenfolk of the family and the income goes to the same family. The looms and implements used are of the primitive type.

12. Prices given in costing sheets.

13. These cottage workers never take from any banks. A few Co-operative banks are in existence but so far appreciable advantage had never been taken of them. Small money lenders however swarm these industrial areas and keep these small industrialists in their clutches by lending at exorbitant rates which may some time go even to 36 per cent. per season from 18 per cent.

14. Of course, the Government through the Department of Commerce and Industries has been assisting the industry like all other industries. They have established an Experimental Carpet Factory to revive the carpet industry of Warangal where boys are taught manufacturing of high class carpets. Besides to assist the cottage carpet makers, they have established a regular trade for their rugs in the London market by coming to an understanding with O. C. M. (London) to whom hundreds of carpets are being sent monthly. The business is expanding, thanks to the Exemption of Duty for British Indian made goods in the United Kingdom after the policy of Imperial Preference, and Ottawa Pact.

15. To create marketing facilities, Government has established Cottage Industries Sales Depot in Hyderabad which advertise widely and intensively the Dominion products and has further appointed Commercial Agent in Bombay to push their sales outside. We are sending goods to outside towns and places and have similar agents in the United Kingdom and also far off New Zealand.

16. None as far as Dominions are concerned.

## CHAPTER VIII.

## WOOL SPINNING AND WEAVING.

The art of spinning and weaving wool was known to the Indian from the very earliest times, as we find mention of it, in the ancient Hindu scriptures.

*Locality in which wool industry is carried on.*—This industry is carried on generally throughout the Dominions but particularly in wool producing areas of which Atrai-i-Balda, Karimnagar, Mahboobnagar, Medak, Gulbarga, Bidar and Nalgonda are the Districts in the order of their importance. The only class that is engaged in this industry, is the Kuravaloos or Kurvas, a sub-caste of Dhangars. Sheep breeding and cumble weaving are their main occupations though rarely we find them engaged in agriculture. The wool obtained from the sheep of the abovementioned places is of short staple, and of very poor quality.

Most of the wool produced in the Dominions are sent to outside places rather than spun and woven into cumbles here. It is a great economic loss to export raw wool to the extent of O. S. Rs. 2,85,000 every year, out of total production of Rs. 5,70,000. The finished products are exported from the State to the outside places to the extent of O. S. Rs. 2,00,000, the remaining quantity worth Rs. 4,31,000 being consumed locally by the labouring classes (*vide* Chapter XIV, Charts III and IV).

Out of the total population of 9,28,404 Dhangars is recorded in the census of 1930 A. D. only 26,620 are engaged in wool weaving and allied processes (*vide* Chapter XIV, Chart II), if only the export of raw wool is stopped, we could very easily absorb the remaining population among them, in this industry.

*Implements used for making cumbles.*—The looms and implements used for making cumbles are of primitive type. A small string bow is used for carding and cleaning the wool, and a piece of hollow bamboo with closed bottom is used as a shuttle. Only one heald is used for making shed and the weft is beaten to the fell of cloth by means of a piece of wood.

*Qualities produced.*—The Cumbles manufactured in the Dominions are of three qualities, such as follows:—

- (1) Cumbles of coarse texture made out of live wool.
- (2) Cumbles of loose texture known as jhoras and are made of live wool.
- (3) Cumbles made out of dead wool, known as Kuchra Cumbles.

The sizes vary from 3 to 5 yards in length and 42" to 54" in width, the price also vary from Re. 1-2 to Rs. 9 according to the quality of the cumble.

The average production of a loom is one yard per day.

The profit in preparing an ordinary cumble measuring 4 yards by 48" weighing 3 seers is as follows:—

	O. S. Rs.	A. P.
Raw wool 7 lbs. . . . .	0	11 0
Cleaning, carding and spinning which takes 15 days at As. 2 per day . . . . .	1	14 0
Sizing . . . . .	0	2 0
Weaving which requires at least 4 days at As. 3 per day . . . . .	0	12 0
Cost price . . . . .	3	7 0
Selling price . . . . .	3	8 0
Profit . . . . .	0	1 0

Preliminary processes are attended to by the family members hence the wages go to the family. Thus the average income of a cumble weaver's family is about Rs. 10 per month. Most of them possess some land and follow agriculture, as their main occupation.

*Population of Dhangars and number of sheep.*—The population of Dhangars as per last census was 9,28,404 of which 26,620 were actually engaged in weaving of cumbles and the processes connected therewith, employing 14,620 looms. The total number of sheep from which the raw material is obtained for weaving cumble, according to the cattle census of 1930 was 5,744,347. The local sheep are of ordinary breed. The wool obtained is of three colours, black, white and admixture of black and grey. Mixed wool is mostly obtained, while white wool is very rare. Black wool fetches a better price than white or grey wool.

*Wool shearing.*—The wool shearing is commenced when sheep reach 6 to 7 months of age, generally in the months of October and November. Before shearing, the sheep are cleaned well in pools, at least a week before shearing. Shearing is generally done with the help of other shepherds. The shearer is allowed to shear the wool of 5 sheep as his remuneration, for every 100 sheep sheared (which comes to about 1½ seers), and one evening meal along with sendi. 100 sheep can be sheared in 3 days by two men and about 25 to 30 pounds of wool is obtained.

Dhangars are of easy going temperament, devoid of any ambition. They are content with their small income, as can be secured locally without much trouble. They hardly borrow money for their domestic use or even for their work.

The industry is capable of improvement in three respects, viz., (1) Breeding, (2) Grazing facilities and (3) improvements in loom and appliances.

The wool obtained from these sheep is of coarse quality and of short staple, and no attempt is made to improve the quality by proper attention to the breeding and tending of the sheep.

As regards grazing, at present, there is no permanent pasture lands within easy distance. The sheep are taken to a great distance moving from place to place, in search of pasture lands, specially when the fields are under cultivation. In summer season, when the fields are dry, then also there is not sufficient grass for feeding. The result is that the sheep from under feeding lose their energy and are unable to withstand the disease which generally breaks out in rainy season.

Dhangars as a class are very conservative, they cannot easily be persuaded to change their crude and primitive methods. However, this difficulty can be overcome, if an intelligent man amongst them is selected and trained in the Cottage Industries Institute. After training, he should be sent among his caste men to introduce improved applications for spinning and weaving by practical demonstration.

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## CHAPTER IX.

### WOOLLEN PILE CARPETS, DURREES AND NEWAD.

*Places where carpet industry is carried on.*—The manufacture of pile carpets has been carried on in Mathwada, Rangashsipet, Karimabad and Urs from time immemorial. They are known as Warangal carpets. The Industry has in recent years shown marked signs of decline and the quality of carpets also has very much deteriorated.

*Materials used.*—The wool used now-a-days for weaving carpets is seraped or limed wool, obtained from local tanneries. The old vegetable dyes have given place to the cheap basic dyos available in the local market. These colours are no doubt very bright but they are fugitive. After a short exposure of few days to sun the colour fades and cannot be restored with the result that the carpet lose all its beauty. The weaver is often blamed for using dead wool and fugitive colours and for poor weaving but he is not solely responsible for the decline of the industry. He is really compelled to do so. In fact, he makes more often what the merchant wants and will buy. The merchant gives desigus and complete specifications to the weavers. The



goods are made according to market demand. It is not therefore to be supposed that the weaver cannot produce superior stuff with a view to cheapening the cost of production.

*Decline of Industry.*—There is a gradual decrease in the value of carpets exported from Warangal. It is therefore, high time for them to devote themselves in producing the best stuffs, then they can hope to regain their lost position and markets. In Warangal there are 225 families with 300 looms, of these only as many as 22 with 90 looms are engaged in manufacturing woollen carpets, and about 50 with 90 looms are engaged in making bed durries while the rest have taken to some other work. The manufacturers are all Mohammadans. The looms in use are of the vertical type, varying from 5' to 15' width. The pile carpets are generally made in two sizes such as 7' x 4' with five stitches per inch costing O. S. Rs. 6-8 and 6' x 3' costing O. S. Rs. 3-4. Five fold 6s cotton yarn is employed for warp and raw uncleaned hemp is used in weft. Cotton yarn and wool employed in carpets are twisted on hand charkas by their women, while the hemp used for weft is merely folded.

*Standard of living.*—The standard of living of these weavers is very low. The carpet weavers really speaking make no profit. They simply charge for their labour.

The following is a typical example of costing sheet for preparing an ordinary carpet 7' x 4' made out of dead wool 5 stitches per inch weighing 12 to 14 lbs:—

	Rs. a. p.
6s cotton yarn for warp, 1 lb. . . . .	0 6 0
Twisting and doubling charges . . . . .	0 1 0
Warping charges . . . . .	0 1 0
Dead wool 11 lbs. at As. 2-3 a lb. . . . .	1 8 9
Carding and twisting wool . . . . .	0 9 2
Dyeing charges . . . . .	0 7 0
Hemp for weft 3 srs. at As. 1-6 a lb. . . . .	0 9 0
Weaving charges . . . . .	2 4 0
Cost price . . . . .	5 13 11
Selling price . . . . .	6 4 0
Profit . . . . .	0 6 1

Twisting and carding, etc., as given above are generally attended to by the weaver's family. Therefore, the amount of these items goes to him. The poverty of the carpet weavers is the chief obstacle in the way of improvement. They are in the clutches of dealers.

The carpets are taken by local dealers who export them to England. At one time the quantity exported by them was worth about Rs. 1,00,000 but at present annual trade is estimated to be only Rs. 36,000. The local and provincial consumption is very limited.

### Government of India, Army Department.

*Letter No. 25328/1 (M. G. 8), dated the 17th January, 1935.*

#### PROTECTION TO INDIAN WOOLLEN INDUSTRY.

I am directed to refer to the Government of India, Department of Commerce, Resolution No. 9-T. (2)/34, dated the 20th October, 1934, on the above subject, and to request that the following facts may be placed before the Board for their consideration:—

- (a) As far as quality permits, all woollen materials required for Army use are purchased from Indian manufacturing sources.

- (b) Certain materials required, e.g., shirting flannel of the requisite quality, are not manufactured in India.
- (c) Of other materials, such as Serge Service Dress and cloth Drab Mixture, for great coats, owing to the inferior quality available only a proportion of the Army's requirements can be accepted from Indian manufacturing sources in spite of the fact that orders have been placed with Indian manufacturers for some ten years.
- (d) The value (including customs duty) of the annual imports of woollen materials for Army use is approximately Rs. 10 lakhs. This figure cannot be reduced until the range and quality of Indian manufactures improves. Until this happens any form of protection imposed with a view to raising the price of imported woollen materials is bound to have a directly adverse effect upon the Defence Budget.
- (e) In spite of a custom duty of 25 per cent. on imported woollen materials, the class of material produced in India is inferior to imported material 25 per cent. cheaper.

2. The above are the main points which it is desired to put forward for consideration so far as purchases for the Army are concerned. Should you desire more detailed information, I am to suggest that you should forward a questionnaire, the answers to which will be furnished as fully possible.

### Indian Stores Department.

- (1) *Letter No. 378, dated the 2nd November, 1934, from the Secretary, Tariff Board, to the Chief Controller of Stores, Indian Stores Department, New Delhi.*

I am directed by the Tariff Board to request that you will be so good as to supply them with a statement (with six spare copies) of the woollen goods purchased by you in India on behalf of the Central and Local Governments during the last 5 years and the prices thereof. It is desirable that the statement should follow the following categories:—

- |   |   |
|---|---|
| <p><b>A. Imported.</b></p> <ul style="list-style-type: none"> <li>(1) Blankets and rugs.</li> <li>(3) Shawls.</li> <li>(5) Carpets and floor rugs.</li> <li>(7) Any other goods.</li> </ul> | <p><b>B. Of Indian manufacture.</b></p> <ul style="list-style-type: none"> <li>(2) Piecegoods.</li> <li>(4) Hosiery.</li> <li>(6) Yarns—               <ul style="list-style-type: none"> <li>(a) Woollen.</li> <li>(b) Worsted.</li> </ul> </li> </ul> |
|---|---|

In the case of A, the Board would like to know the reason for the preference of imported goods.

If there are local Governments which do not obtain such goods through your Department, or obtain part of their supplies otherwise than through the agency of your Department, the Board will be grateful if you can name them for its information.

- (2) *Letter No. K. 61 (30), dated the 12th November, 1934, from the Chief Controller of Stores, Indian Stores Department.*

**Subject:—PURCHASE OF WOOLLEN GOODS BY THE INDIAN STORES DEPARTMENT.**

With reference to your letter No. 378, dated the 2nd November, 1934, on the subject mentioned above, I have the honour to state that the information asked for by you is being collected and will be furnished in due course\*.

2. As regards paragraph 2 of your letter, I have to explain that no Local Government has entrusted the entire purchase of its requirements to

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\* Not printed.

this Department and the purchase of woollen materials made by this Department on their behalf would represent only a fraction of their total purchases. Similarly, purchases of these materials have also been made direct by Civil Departments of the Central Government and Railways in several cases, particularly before November 1929, when orders were issued by the Government of India to certain Departments making the purchase of certain classes of stores through the Indian Stores Department compulsory, when exceeding Rs. 100 in each case or Rs. 1,000 during a year. It is only in the case of the Army Department that all purchases in India of textile stores have been made through this Department since its constitution.

(3) Letter No. K-61 (30), dated the 13th March, 1935, from the Chief Controller of Stores, Indian Stores Department.

Subject:—PURCHASE OF WOOLLEN GOODS BY THE INDIAN STORES DEPARTMENT.

In continuation of my letter\* No. K-61 (30), dated the 6th February, 1935, I have the honour to forward herewith three statements:—

Statement "A" showing particulars regarding nature of yarn (i.e., whether woollen or worsted), width, weight per yard and the price per lb. (based on calculated weight) in the case of piecegoods purchased during 1933-34.

Statement "B" showing the dimensions and weight per piece of blankets and rugs.

Statement "C" showing details of purchases of serge blue (imported) made by this office since 1929-30, with reasons for purchasing imported material in each case.

I may add that due to the assistance and encouragement given by this Department, the Indian manufacturers are now in a position to manufacture serge blue at competitive rates and all purchases for 1934-35 were made from indigenous sources. Contracts for 1935-36 requirements for State Railways, who are the largest consumers of the material, have also been awarded to Indian manufacturers.

2. The figures given for 1933-34, for "serge, blue" under the head "indigenous" require revision as below:—

	Total quantity.	Total Value.	Unit.	Average price.
		Rs.		Rs. A. P.
(xiii) Serge, blue, worsted (superior), 54".	450	2,588	Yard	5 12 0
(xiv) Twill cloth, woollen, khaki, 54" .	4,220	8,836	"	2 1 6
(xv) Serge, blue, medium, 54" . . .	5,485	14,505	"	2 10 4
(xvi) Serge, grey, 54" . . . . .	902	1,748	"	1 15 0
(xxi) Unclassified . . . . .	..	36,163	"	..

The high price of indigenous blue serge, medium, viz., Rs. 2-10-4 as compared with Re. 1-12-3 for imported material was due to the former being of a (special) superior quality.

\* Not printed.

## A.—Piecegoods (1933-34).

	Composition.	Weight per yard.	IMPORTED.		INDIGENOUS.	
			Average price.	Average price.	Average price.	Average price.
			Per yard.	Per lb.	Per yard.	Per lb.
		Ozs.	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.
2. (i) Cloth, Collar, White, 60" wide . . .	Woollen	35	..	..	3 1 4	1 6 7
(ii) Cloth, Drab, Mixture, W. P., 56" wide . . .	"	33½	3 11 8 c.i.f.	1 12 6 c.i.f.	4 10 0	2 3 4
(iv) Felt Brown, ½" thick, 48" wide. . .	"	lbs. 7	..	..	12 0 11	1 11 7
(v) Flannels—	"	Ozs. 11½	1 9 6 c.i.f.	2 3 6 c.i.f.	..	..
(a) Silver Grey, 54" wide . . .	"	11½	0 14 8 c.i.f.	2 5 7 c.i.f.	1 15 0	2 12 1
(b) Silver Grey, 30" wide . . .	"	6½	0 14 7 c.i.f.	2 5 4 c.i.f.	..	..
(c) Shirting, Angels, Drab, 30" wide . . .	70 per cent. wool . 30 per cent. cotton .	6½	2 15 10 c.i.f.	2 0 7 c.i.f.	3 7 8	2 5 11
(vii) Serge, Service Dress, 56" wide . . .	Warp—Worsted Weft—Woollen.	23½	..	..	1 6 0	1 13 4
(viii) Serge, White Lining, 54" wide . . .	Worsted . . .	12	..	..	4 0 0	5 5 4
(ix) Balze, Cloth, Green, 54" wide . . .	Woollen . . .	12	..	..	..	..

(x) Blanketing Cloth, 54" wide	.	.	.	.	29½	..	..	1 10 2	0 14 4
(xii) Greatcoat, Cloth, 54" wide	.	.	.	.	27	..	..	3 3 1	1 14 3
(xiii) Serge, Blue, Worsted (Superior), 54" wide	.	.	.	.	15½	..	..	5 12 0	6 0 0
(xiv) Twill, Woollen, Khaki, 54" wide	.	.	.	.	22½	..	..	2 1 6	1 7 10
(xv) Serge, Blue, Medium, 54" wide.	.	.	.	.	19½	1 12 3	1 7 2	..	..
Warp—worsted.	.	.	.	.		f.o.r.	f.o.r.		
Worsted	.	.	.	.	21½	..	..	2 10 0	2 15 3
Warp—worsted	.	.	.	.	18½	..	..	3 0 0	2 9 0
Worsted	.	.	.	.	16	..	..	1 15 0	1 15 0
Warp—worsted	.	.	.	.	approx.	..	..	3 3 6	1 14 6
(xvii) Serge, Khaki, 54" wide	.	.	.	.	27	..	..		
Warp—worsted.	.	.	.	.		..	..		
(xix) Broad, Cloth, Blue, 54" wide	.	.	.	.	24	..	..	2 3 1	1 7 5.
Broad, Cloth, Khaki, 54" wide.	.	.	.	.	29½	..	..	3 0 0	1 10 0
(xx) Broad, Cloth, Superfine, 54" wide	.	.	.	.	20½	..	..	4 3 11	3 5 0
7. (i) Buntings, 18/19" wide	.	.	.	.	2½ 2	.. 0 4 3	.. 2 2 0	0 5 3 ..	2 7 6 ..
Worsted	.	.	.	.		c.i.f.	c.i.f.		

N.B.—The rates given for indigenous materials are f.o.r. prices. In the case of imported materials the rates are either c.i.f. or f.o.r. as indicated (according to the terms of the order).

## B.—Blankets and rugs.

	Size.	Weight per blanket or rug.	Composition.
		lbs.	
1. (i) Blankets, Barrack .	7½' × 5'	4½	Woollen.
(ii) Blankets, Saddle—			
M. A. . . . .	72" × 72"	7	"
S. U. . . . .	66" × 56"	5	"
(iii) Blankets, Maroon .	90" × 60"	4	"
(iv) Blankets, Woollen, Scarlet.	90" × 60"	3½	"
(vi) Lohis, Woollen—			
Scarlet, Hospital .	108" × 54"	1½	"
Kashmir, for Postal Department.	15" × 4½"	5	"
7. (ix) Rugs, Horse—			
(a) Large . . . .	6' 2" × 7' 5"	11½	} Partly made of blanket- ting cloth, woollen, and partly of cloth, twill, fine (jute).
(c) Small . . . .	5' 10" × 6' 9"	10½	

## C.—Details of purchases of Serge, Blue (imported), since 1929-30.

Quantity (yards).	Rate per yard of imported material, accepted.	Lowest rate per yard of acceptable indigenous material at the time.	REMARKS.
1929-30.	Rs. A. P.	Rs. A. P.	
34,961	2 6 6 f.o.r.	3 0 0	The price of the indigenous material was nearly 25 per cent. higher than that of the imported material. Moreover, the Indian firm (the Indian Woollen Mills, Bombay) which had quoted this price was at that time in danger of going into liquidation. It was, therefore, considered inadvisable to place the order with them.
3,000	2 7 0 f.o.r.	..	Supply being required immediately, order was placed with the firm who had secured the previous order for 34,961 yards, as the quantity required was available from stock held by them in India.

Quantity (yards).	Rate per yard of imported material, accepted.	Lowest rate per yard of acceptable indigenous material at the time.	REMARKS.
<i>1929-30—contd.</i>	Rs. A. P.	Rs. A. P.	
70,000	2 5 0 f.o.r.	2 12 0	The relevant file has been destroyed, but the reason for purchasing the imported material appears to be that the price of the indigenous material was considered too high being nearly 19 per cent. above the imported material.
10,000	2 5 0	..	The relevant file has been destroyed. It, however, appears to be a repeat order against the previous one 70,000 yards.
<i>1930-31.</i>			
7,590	2 5 0 f.o.r.	..	Due to urgency of demand, repeat order was placed with the importing firm who had secured the previous order for 70,000 yards.
3,000	2 4 0 f.o.r.	3 0 0	The price of the indigenous material was 33½ per cent. higher than that of the imported material and could not therefore be accepted.
<i>1931-32.</i>			
<i>Nil.</i>			
<i>1932-33.</i>			
<i>Nil.</i>			
<i>1933-34.</i>			
44,000	1 12 3	1 14 0	In view of the need for economy and also in view of the customs duty of 25 per cent. which given protection to the Indian Industry, it was not considered justifiable to place the order with Indian manufacturers, which would have involved an extra expenditure of Rs. 4,812 approximately.

*N.B.*—The rates given for indigenous materials are f.o.r. prices. In the case of imported materials the rates are either c.i.f. or f.o.r. as indicated (according to the terms of the order).

### Imperial Council of Agricultural Research, New Delhi.

- (1) *Letter No. 147, dated the 22nd February, 1935, from the Secretary, Tariff Board.*

I am directed by the Tariff Board to enquire if the Imperial Council of Agricultural Research will be so good as to inform them of the extent to which the Council has been able to interest itself in the problem of sheep breeding with a view to improving the quality of wool. The Board is aware that certain Provincial Governments have made attempts at improving breeding but would be glad, if possible, to receive a note recording briefly for India as a whole what has been done so far and what prospect there is of action in the future.

- (2) *Letter No. D. 221/35/Vet., dated the 1st May, 1935, from the Imperial Council of Agricultural Research, Simla.*

#### SHEEP BREEDING.

In continuation of this Department letter No. D. 221/35/Vet., dated the 18th March, 1935, I am directed to enclose a note furnishing information regarding the problem of sheep breeding in India with a view to improve the quality of wool.

#### NOTE ON SHEEP BREEDING IN INDIA.

The problem of sheep breeding in India with a view to improving the quality of wool has been receiving the attention of the Imperial Council of Agricultural Research and the following action has been taken.

In 1933 a scheme was submitted by the Bombay Government for sheep breeding in that province including cross-breeding with Merino sheep for the improvement of wool. The matter was referred to the Cattle Breeding Committee of the Imperial Council of Agricultural Research and a scheme was drawn up for experimental sheep breeding at suitable centres in India the object of which was to carry out co-ordinated work with a view to improving the best breeds of Indian sheep particularly for improved wool production. It was decided that as a general rule the correct policy would be to develop local wool producing breeds, of which the Bikanir appears to be the best, and that experimental breeding should be carried out at the following centres, viz., Hissar Farm, Hingoli, Hosur (Madras), Bhamburda (Bombay), Mahbubnagar in Hyderabad State, a selected centre in Mysore, Bharkhand in Baluchistan and at Kangara. Two schemes have accordingly been approved, one for Bombay and another for Madras, and other schemes are expected.

Work on improvement of wool bearing sheep has been in progress for some years in the Mysore State where the Merino sheep have been used to a considerable extent for cross breeding and this work is still in progress.

At Hissar Farm also experimental breeding with a cross-bred Merino and Bikanir Sheep has been carried on for a number of years and though great difficulty has been experienced in maintaining pure-bred Merino sheep for any length of time in the plains, a cross-bred sheep has been evolved, and is now to some extent fixed in type, called the Hissar Dale Sheep. These sheep produce a larger quantity and finer quality of wool than any Indian sheep and it is hoped that they may be able to thrive under Indian conditions in certain localities.

It is however still doubtful if the breeding of Merino cross-bred sheep will be generally practicable in the plains in India and it is considered that the improvement of Bikanir sheep for wool production is likely to prove more feasible and more satisfactory in the long run. It is anticipated that work on these lines will be considerably increased in the near future in certain provinces and States, where conditions are likely to be suitable for the production of wool bearing sheep.